FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-94-203
Thursday
20 October 1994

Daily Report
East Asia

FBIS-EAS-94-203 CONTENTS *20 October 1994*

NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

- Global Securities Regulators Meet in Tokyo 1
  - Derivatives Rules Discussed *[KYODO]* 1
  - Japanese Minister Speaks at Opening *[KYODO]* 1
  - International Cooperation Urged *[KYODO]* 1
  - Agreement on Data Exchange *[KYODO]* 2
- Indonesia, Singapore Deny ASEAN Competition *[BUSINESS TIMES 15-16 Oct]* 2
  - Ministers on AFTA Free Trade Deadline *[BUSINESS TIMES 15-16 Oct]* 3
- APEC Meeting To Confirm Small Firms' Role *[KYODO]* 3
- OECD Acting Chief on Accepting New Members *[KYODO]* 4
- ROK's Kim Chol-su on Bid for WTO Presidency *[Paris LE MONDE 18 Oct]* 4
- Anti-Nuclear Asia Forum Opens in Seoul 15 Oct *[YONHAP]* 5

NORTHEAST ASIA

Japan

- MOF Seeks Role in Realizing U.S.-DPRK Pact *[TOKYO SHIMBUN 19 Oct]* 6
- U.S.-DPRK Accord Termed 'Realistic First Step' *[ASAHI SHIMBUN 19 Oct]* 6
- Tokyo 'Frustrated' at U.S. Stance on DPRK Aid *[ASAHI SHIMBUN 19 Oct]* 7
- Preconditions for Resuming DPRK Talks Viewed *[KYODO]* 7
  - Foreign Minister on Resuming Talks *[KYODO]* 7
  - DPRK Envoy's Transfer Sign of Effort *[ASAHI SHIMBUN 20 Oct]* 8
- Trade Official on Resuming Auto Talks With U.S. *[KYODO]* 8
- Murayama Comments on U.S. Trade Data, Rising Yen *[KYODO]* 9
- Hiroshima Condemns U.S. Decision on War Exhibit *[KYODO]* 9
- Groups Rally Against U.S. Live Shell Exercises *[OKINAWA TIMES 19 Oct]* 9
- Effect of FSX on U.S.-Japan Alliance Assessed *[SECURITARIAN 1 Jul]* 10
- Future of U.S.-Japan Security Examined *[SECURITARIAN 1 Jul]* 13
- Murayama Responds to PRC Warning on Taiwan *[KYODO]* 17
- PRC List of Fourth Yen Loan Projects Reported *[ASAHI SHIMBUN 20 Oct]* 17
  - Tokyo To Send Mission to Beijing *[KYODO]* 18
- Tokyo Gas To Open Joint Venture in China *[NIHON KEIZAI SHIMBUN 18 Oct]* 19
- Malaysian Premier Arrives, Talks to Murayama *[KYODO]* 19
- Ministry Considering Budgetary Steps for Farmers *[KYODO]* 19
- Tokyo May Spend 6 Trillion Yen on Farm Program *[KYODO]* 20
- Government Gives 1.1 Billion Yen in Aid to Kenya *[KYODO]* 20
- Takemura, Mieno on Yen's Recent Appreciation *[KYODO]* 20
- Murayama Vows To Submit Decentralization Bill *[KYODO]* 21
- Opposition Drafts New Economic Reform Proposal *[KYODO]* 21
- SDP Legislators Criticize Kubo Proposal *[KYODO]* 21
- SDP Postpones Decision on Forming New Party *[KYODO]* 22
- Banks, Research Arms Revise GDP Forecasts Upward *[KYODO]* 22
- TSE To Relax Regulations on Listing of Stocks *[NIHON KEIZAI SHIMBUN 18 Oct]* 22
- Government Workers To Get Lowest Ever Raises *[KYODO]* 23
- Association Ousts Company Over Drug Scandal *[KYODO]* 23

  Drug Responsible for Deaths *[KYODO]* 24
NEC To Cooperate With Hughes on Satellite Bids *[NIHON KEIZAI SHIMBUN 19 Oct]* 24
Hitachi To Invest in DRAM Chip Production *[NIHON KEIZAI SHIMBUN 19 Oct]* 24

North Korea

Foreign Ministry Communique on U.S.-North Accord *[Pyongyang Radio]* 25
  KCNA Version of Communique Noted 25
South Koreans Reportedly Praise Kim Chong-il *[KCNA]* 26
Kim Yong-sam Group Denounced for 'Suppression' *[KCNA]* 26
South's Christian Youth Council on Corruption *[KCNA]* 27
Sojourn of Hanchongnyon Delegate Described *[KCNA]* 27
18 Oct U.S.-ROK 'Air War Game' Reported *[KCNA]* 27
U.S.-Japanese Military Exercises Condemned *[KCNA]* 28
Japan Denounced on Nuclear Issue, UN Seat Bid *[Pyongyang Radio]* 28
Japanese Chongnyon Visitors View Tomb of Tangun *[KCNA]* 29
Kim Yong-nam Meets With Indonesian Delegation *[KCNA]* 29
Meeting Commemorates Zambia's Independence *[KCNA]* 29
North Red Cross Society Anniversary Celebrated *[KCNA]* 30
  Blames ROK for Suspended Dialogue *[Pyongyang Radio]* 30
Overseas Solidarity for Reunification Cause Noted *[KCNA]* 31
Foreign Publications Carry Kim Chong-il's Works *[KCNA]* 31
Kim Chong-il Thanks Researchers in University *[Pyongyang Radio]* 31
Anniversary of Kim Chong-il Work Celebrated *[KCNA]* 31
Memorial Services for Kim Il-song Held Abroad *[KCNA]* 32
'Hero of the Republic' Kim Yong-cho Praised *[KCNA]* 33

South Korea

IAEA Requires Expanded North Sites Inspections *[YONHAP]* 33
IAEA Reaction to Nuclear Agreement Discussed *[TONG-A ILBO 20 Oct]* 33
Gallucci on 'Confidential' Section of Accord *[YONHAP]* 34
Senators Urge Clinton To Renegotiate Accord *[YONHAP]* 35
Minister Han Interviewed on U.S.-DPRK Accord *[YONHAP]* 35
Half of Poll Respondents Unhappy With Accord *[CHOSON ILBO 20 Oct]* 36
South, U.S., Japan Plan Meeting on LWR Issue *[Seoul TV]* 36
Seoul Studies Parliamentary Approval of Reactors *[YONHAP]* 37
Firms 'Cautious' About North Nuclear Project *[THE KOREA TIMES 19 Oct]* 37
Organization Formed To Aid in LWR Construction *[Seoul Radio]* 38
Linking Reactor Issue With N-S Dialogue Urged *[CHOSON ILBO 20 Oct]* 38
South To Take 'Active' Role in N-S Dialogue *[YONHAP]* 39
Seoul Plans 'To Push Ahead' With N-S Talks *[HANGYORE SINMUN 20 Oct]* 39
Government Studies Yi-Kim Unification Meeting *[YONHAP]* 39
South 'Will Not' Propose Inter-Korean Dialogue *[Seoul Radio]* 40
North Succession Delay Due to 'Health' Reasons *[Seoul Radio]* 40
Kim Chong-il's 'Pragmatist Diplomacy' Analyzed *[CHUNGANG ILBO 19 Oct]* 40
* Exchange of Prisoners With North Studied *[SISA JOURNAL 8 Sep]* 41
N-S 1994 Commodity Exchanges 'A Little Sluggish' *[YONHAP]* 43
Promotion of N-S Economic Cooperation Discussed *[Seoul Radio]* 43
DPRK Proposes Joint-Venture Plant With Japan *[TONG-A ILBO 18 Oct]* 43
U.S. Said Considering Lifting Embargo of North *[MUNHWA ILBO 20 Oct]* 43
South Urged To Cope With Change in U.S. Policy *[CHOSON ILBO 20 Oct]* 44
U.S. Plans To Replace, Reduce 'Team Spirit' *[YONHAP]* 45
Secretary of State Christopher Plans Nov Visit *[YONHAP]* 45
Pusan Group Seeks Reclamation of U.S. Base *[YONHAP]* 45
Seoul, PRC Sign Atomic Power Plant Accord *[Seoul Radio]* 45
Seoul-Beijing, Seoul-Tianjin Fares Compared *[YONHAP]* 46
Seoul, PRC Hold Forestry Cooperation Meeting *[YONHAP]* 46
President Meets Pakistani Economic Delegation *[YONHAP]* 46
Goldstar 'Sole Official Sponsor' of UN Events *[YONHAP]* 47
'Hard-Liners' Within Ruling Party Denounced *[MUNHWA ILBO 19 Oct]* 47

Kim Criticizes People With 'Rusted Conscience' *[YONHAP]* 47
Lawmaker Files Suit Against Former Presidents *[YONHAP]* 48
Former POSCO Executive Volunteers To Appear *[YONHAP]* 48
8 Air Force Personnel Arrested for Embezzlement *[YONHAP]* 48
Seoul Decides To Relax Limits on Telecom Makers *[THE KOREA HERALD 15 Oct]* 49
Daewoo Offering Stocks on New York Exchange *[THE KOREA HERALD 16 Oct]* 49
POSCO Chief Signs To List Stocks on NYSE *[YONHAP]* 50
    International Status 'Elevated' *[YONHAP]* 50
* Oil Companies in 'Turf War' for Market Share *[SINDONG-A Sep]* 50
Hyundai Motors Develops Hydrogen-Fueled Car *[YONHAP]* 51

SOUTHEAST ASIA

Burma

Correspondent Discusses Sentencing of Dissidents *[London International]* 52
Opposition Figure Aung Gyi Retires From Politics *[AFP]* 52

Brunei, Malaysia & Singapore

Malaysia

Mahathir Departs 20 Oct for Visit to Japan *[Kuala Lumpur International]* 53
Mahathir Offers Encouragement to UK Firms *[Kuala Lumpur Radio]* 53
Rafsanjani, Malaysian King Hold Talks 17 Oct *[Tehran IRNA]* 53
Government To Buy U.S.-Made Transport Ship *[Kuala Lumpur Radio]* 53
Editorial Defends New Military Force, Intentions *[BERITA HARIAN 12 Oct]* 53

Singapore

Premier on Economic Success, DPRK, Issues *[Paris LE FIGARO 17 Oct]* 54

Cambodia

National Assembly Approves Cabinet Reshuffle *[Phnom Penh Radio]* 55
Khmer Rouge Military Activities, Crime Reported *[REAKSMEI KAMPUCHEA 19 Oct]* 56
Radio Appeals To Khmer Rouge Troops To Defect *[Phnom Penh Radio]* 56
Khmer Rouge Denies Alleged Phnum Voar Defections *[Radio PGNUNS]* 57
Khmer Rouge Oppose Planned Talks With SRV *[Radio PGNUNS]* 57
* Results of Battambang 'Secret' Police Probe *[REAKSMEI KAMPUCHEA 29 Jul]* 58
    * Further on 'Secret' Prison Probe *[REAKSMEI KAMPUCHEA 1 Sep]* 59

Indonesia

* Position on Sipadan-Ligitan Dispute Said Strong *[KOMPAS 8 Sep]* 59
Editorial Views Launch of Malaysia's RDF *[MERDEKA 12 Oct]* 60
Editorial Notes Economic Impact of GATT Decisions *[KOMPAS 29 Sep]* 61
Editorial Favors Ending UN Sanctions on Iraq *[KOMPAS 10 Oct]* 62
* Vice President Denies Religious Extremism *[KOMPAS 14 Sep]* 63
* NGO Input to Human Rights Report Urged *[KOMPAS 7 Sep]* 64
* Government Acts Against Timber Concessionaire *[KOMPAS 8 Sep]* 65
* Natuna Development Master Plan Proposed *[KOMPAS 5 Sep]* 65
* New Cellular Phone System Marketed *[KOMPAS 8 Sep]* 66
* Call for Change in New Order Political System *[KOMPAS 8 Sep]* 67
* Science Education Requires Financial Help *[KOMPAS 8 Sep]* 69

Laos

Thai Economic Delegation Arrives for Visit *[KPL]* 69
    Ends Visit, Departs 10 Oct *[KPL]* 70
* Officers Cite 1975 Unit Designations *[KONGTHAP PASASON LAO 24 Aug]* 70

* Column Reviews Xieng Khouang Wartime Action *[KONGTHAP PASASON LAO 24 Aug]* 71
* Engineer Commander Noted Wartime Locations *[KONGTHAP PASASON LAO 17 Aug]* 72

Philippines

Government To Discuss Cease-Fire With Communists *[Quezon City Radio]* 72
Communist Chief Cited on Resumption of Talks *[Quezon City Radio-TV]* 73
Ramos Says Sovereignty Issue 'Nonnegotiable' *[Quezon City Radio]* 73
MNLF Accuses Military of Cease-Fire Violations *[PHILIPPINE DAILY INQUIRER 18 Oct]* 73
Collapse of Government-NDF Peace Talks Viewed *[MANILA BULLETIN 18 Oct]* 74

Thailand

Deputy Prime Minister on Talks With U.S. Officials *[Bangkok Radio]* 74
Cambodian Military Tribunal To Try Thai Suspects *[Radio VOFA]* 74
Soldiers Punished in Regard to Cambodia Coup *[BANGKOK POST 20 Oct]* 74
* Columnist Sees Sar Kheng, CPP Ruling Cambodia *[DAILY NEWS 7 Sep]* 75
* Investment, Conditions in Cambodia Viewed *[THAI RAT 10 Sep]* 75
Navy Official Details Seizure of SRV Vessels *[AFP]* 76
Official Reports on Repatriation of Lao Refugees *[Bangkok Radio]* 77
Opposition Leader Predicts Early Elections *[THE NATION 20 Oct]* 77
Deputy Commerce Minister Releases Trade Statistics *[THE NATION 20 Oct]* 77
* Article Provides Background on Al-Arqam *[THAN SETTHAKIT 11-14 Sep]* 78
* Officials Discuss Insurance Laws, Regulations *[THAN SETTHAKIT 15-17 Sep]* 80

Vietnam

Reportage on Ninth National Assembly Session 81
    Preparatory Meeting Adopts Agenda *[Hanoi Radio]* 81
    Assembly Agenda Previewed *[Hanoi Radio]* 81
    Session Opens 20 Oct *[Hanoi Radio]* 82
    Vo Van Kiet Presents Report *[VNA]* 82
Phan Van Khai on Investment Reform Priorities *[Hanoi Radio]* 83
U.S. Military Intervention Termed 'Unacceptable' *[Hanoi Radio]* 83
Ministry Rebuts PRC Territorial Water Claim *[Hanoi International]* 84
Japan Said To Become Top Foreign Investor *[KYODO]* 84
Commentary Views Relations With ASEAN States *[Hanoi International]* 85
State Bank Group Attends Conference in Mongolia *[VNA]* 85

AUSTRALASIA

Australia

Evans Hails U.S.-DPRK Nuclear Accord *[Melbourne International]* 86
Opposition Questions Visit by Chinese General *[Melbourne International]* 86
U.S.-Japan Trade Relations; GATT Viewed *[THE AUSTRALIAN FINANCIAL REVIEW 30 Sep]* 86
Domestic Reasons for Iraqi Actions Viewed *[THE AUSTRALIAN FINANCIAL REVIEW 10 Oct]* 87

Papua New Guinea

'Breakaway' Rebel Faction To Negotiate Peace *[Melbourne International]* 88
Chan Refuses To Work With 'Paranoid' Rebels *[Melbourne International]* 88

Global Securities Regulators Meet in Tokyo

Derivatives Rules Discussed

OW1910122094 Tokyo KYODO in English 1048 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Global securities regulators held heated discussions on Wednesday focusing on the urgent need to set international accounting and disclosure standards for the growing derivatives market. Some 800 officials representing 111 regulatory bodies from 65 nations, two regions and two provinces gathered at a Tokyo hotel for a three-day open conference under the International Organization of Securities Commissions (IOSCO). It was preceded by a three-day closed-door meeting that started Sunday [16 October].

Addressing the opening ceremony, Japanese Finance Minister Masayoshi Takemura said, "various issues to be addressed have emerged due to rapidly increasing cross-border transactions." Given the growing complexity of trading, he said, "in some cases it would be difficult for a single national regulator to employ sufficient measures to deter unfair trading."

"Each national regulator must supervise the markets appropriately to ensure the soundness of the markets and investors' protection, while taking into consideration international harmonization," Takemura said.

Speaking at a plenary session after the opening ceremony, Arthur Levitt, chairman of the U.S. Securities and Exchange Commission (SEC), described derivatives as "the most challenging issues facing regulators today."

"The huge size of this unregulated and largely nontransparent market not only presents issues for individual companies, but can also have implications for the soundness of entire financial systems," he said.

Both Takemura and levitt stressed their commitment to cooperating with their IOSCO counterparts as the U.S. official noted "the wide spectrum of regulatory issues raised by the rapidly growing international derivatives market."

During an open panel discussion on international accounting standards, panelists collided over iosco's procedures in setting global rules.

Eiichi Shiratori, chairman of the International Accounting Standards Committee (IASC), criticized IOSCO's approach of not endorsing proposals until the IASC completes all the core standards to IOSCO's satisfaction. The IASC is a body of global certified accountants which is working on international accounting standards.

Against this backdrop, shiratori proposed to establish an "additional means of regular communication between the IASC and IOSCO."

A panel discussion on the rapidly growing Asia-Pacific markets was also held, with panelists stressing the importance of policy cooperation by regulators to secure a sound investment environment to facilitate fund flows.

A joint statement on international securities transactions is expected to be issued on the final day of the conference.

This is the first annual IOSCO conference to be held in Asia.

Japanese Minister Speaks at Opening

OW1910024894 Tokyo KYODO in English 0202 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—The Japanese Government will continue efforts to boost the moderately recovering economy, Finance Minister Masayoshi Takemura said Wednesday [19 October].

"Signs of a moderate recovery are being observed" in the Japanese economy, Takemura told a meeting here of financial regulators from around the world.

He said the government will continue "to work for sustained domestic demand-led growth." But Takemura expressed caution about fiscal measures, saying the government "intends to continue efforts over the medium term in such areas as deregulation to further enhance economic vitality and assure a sound fiscal situation to cope with the aging population."

Referring to Japan's tax reform package adopted in September, Takemura said "The consumption tax hike will not be implemented until April 1997 while maintaining the income tax reduction" and paying "utmost attention to the current economic conditions."

The centerpiece of the tax reform is an increase in the current 3 percent consumption tax to 5 percent in April 1997 under a single legislation that ties in with a multiyear 5.5 trillion yen cut in national income and local residence taxes.

Some 800 officials from 111 regulatory bodies of 65 nations, two regions and two provinces gathered Sunday in Tokyo for a six-day conference to discuss cooperation in international transactions under the International Organization of Securities Commissions.

International Cooperation Urged

OW1910033394 Tokyo KYODO in English 0254 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Global securities regulators kicked off their main open conference Wednesday [19 October] by calling for international cooperation to ensure sound transactions amid growing cross-border trading.

Some 800 officials representing 111 regulatory bodies from 65 nations, two regions and two provinces gathered at the Hotel Okura in Tokyo for the three-day conference. It was preceded by a three- day closed-door meeting of the International Organization of Securities Commissions (IOSCO).

Addressing the opening session, Japanese Finance Minister Masayoshi Takemura said, "Various issues to be addressed have emerged due to rapidly increasing cross-border transactions."

Given the growing complexity of the trading, he said, "In some cases it would be difficult for a single national regulator to employ sufficient measures to deter unfair trading."

"Each national regulator must supervise the markets appropriately to assure the soundness of the markets and investors' protection, while taking into consideration international harmonization," Takemura said.

He said that Japan remains committed to IOSCO and its efforts to maintain global cooperation.

Other top regulators agreed with Takemura, noting the importance of global understanding to facilitate global fund liquidity amid the growing markets of derivatives and other advanced instruments.

Speakers included Jean Sait-Geours, chairman of the IOSCO Technical Committee and president of the French commission Des Operations de Bourse, Luis Miguel Moreno, chairman of the IOSCO executive committee and president of the Mexican commission National de Valores.

A joint statement on international securities transactions is expected to be issued on the final day of the conference. This is the first annual IOSCO conference to be held in Asia.

Agreement on Data Exchange

OW1910115994 Tokyo KYODO in English 1001 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Securities regulators in the Asia-Pacific region are to agree on "mutual information exchange" to cope with unfair practices in cross-border trading, a top Asian official said Wednesday [19 October].

The agreement will be reached next July when regulators from 12 Asia-Pacific nations hold their second meeting in Thailand, Rosario Lopez, chairwoman of the Philippines securities and exchange commission, told KYODO NEWS SERVICE.

Lopez is attending a six-day annual convention in Tokyo of global regulators under the International Organization of Securities Commissions (IOSCO). The 12 nations held their first meeting in Malaysia in August, including members of the Association of Southeast Asian Nations (ASEAN), Hong Kong, Australia and Japan, with the United States attending as an observer.

The agreement will cover stock price manipulation, insider-trading and money laundering, Lopez said, noting a recent case in her country of dubious trading involving Malaysian concerns.

Lopez, stressing that Asian nations are already in close cooperation, said Malaysian regulators are helping her in the case.

IOSCO is also proposing member nations to exchange memorandum for information exchanges, but the Asia-Pacific nations will make such an agreement ahead of it, Lopez said.

The regulators from the 12 nations are also planning to exchange notes to conduct seminars on price manipulation and insider-trading, which Lopez said her commission still lacks experience in legal procedures.

Indonesia, Singapore Deny ASEAN Competition

BK1610134694 Singapore BUSINESS TIMES in English 15-16 Oct 94 p 2

[FBIS Transcribed Text] ASEAN states are avoiding competition with one another as the race to attract foreign investment gets more intense. This was stated by Indonesia's coordinating minister for industry and trade, Hartarto, and Singapore's trade and industry minister, Yeo Cheow Tong, here yesterday.

Both were responding to a question after making presentations to the World Economic Forum. They were asked whether ASEAN countries would compete with one another other as they try to attract investors from Europe. The ministers said that to avoid stumbling over each other, ASEAN boards of investment had begun meeting regularly too coordinate where possible.

At policy-making level, ASEAN economic ministers have started a policy exchange mechanism—essentially a forum to allow them to exchange notes and keep each other informed about their respective economic policies.

At APEC level, ASEAN is working with other APEC members to establish a non-binding investment code.

Mr. Yeo said: "We share our experiences with each other to make sure there is a good understanding of our policies."

Mr. Hartarto said: "Investment policies within ASEAN are now more or less the same. There is no competition."

The APEC Eminent Persons Group [EPG] has recommended that APEC leaders meeting in Bogor, Indonesia, next month adopt early a "Concord on Investment Policies." The proposed concord, among other things, calls for avoidance of performance requirements or investment incentives and a roll-back on existing ones. No less significant, it calls for an effective dispute settlement mechanism to help resolve problems arising from investment-related issues.

The EPG calls on all members to apply the principles voluntarily once agreed, noting that "any who choose to abstain for even a brief period could be placed at a competitive disadvantage with respect to attracting new flows of investment from abroad."

Ministers on AFTA Free Trade Deadline

BK1610134094 Singapore BUSINESS TIMES in English 15-16 Oct 94 p 2

[FBIS Transcribed Text] The ASEAN Free Trade Area [AFTA] has set the pace for trade liberalisation within the APEC [Asia-Pacific Economic Cooperation] grouping, Singapore Trade and Industry Minister Yeo Cheow Tong said yesterday.

AFTA agreed last month to shorten its deadline for free trade by five years. Zero or near-zero tariffs on trade in manufacturing and agriculture will be achieved by 2003 instead of 2008. APEC is considering a plan to become a free-trading region by 2020, but this has yet to be agreed upon. It will be decided by APEC leaders when they meet in Bogor, Indonesia on Nov. 15.

"The recent decision by ASEAN to speed up AFTA is a good indication of sentiments in the area," Mr. Yeo said. "ASEAN can set the pace for the rest of APEC in trade liberalisation."

Mr. Yeo, who was addressing the World Economic Forum here, said this sentiment was shared by other APEC members.

By speeding up its trade liberalisation, he said AFTA had also set an example for other East Asian economies to be "responsible global citizens," carrying out their commitments to the Uruguay Round agreements on world trade.

The initiative to turn APEC into a free-trading region comprising at least 17 Pacific Rim economies has come from Indonesia's president, Suharto, who will host the Bogor summit.

While there appears to be general acceptance of the idea of freer trade in APEC, there are diverging views as to whether this should be achieved by a definite date some time in the next century.

One ultimate date proposed by the APEC Eminent Persons Group is 2020. A second report by the Pacific Business Forum [PBF] is more ambitious and calls for the end-date to be 2010 for all APEC members, U.S. Deputy Trade Representative Charlene Barshefsky said. The PBF report, put together by a panel of 33 chief executives from APEC companies, will be submitted to President Suharto today in Jakarta.

Indonesian Coordinating Minister for Industry and Trade Hartarto, in a carefully worded signal, said the Bogor summit was expected to give "a strong impetus" to the APEC trade liberalisation plan.

It was the strongest hint to date from Indonesia that an in-principle consensus on APEC free trade is on the cards despite differences remaining on time-tables to achieve this.

Mr. Hartarto said he hoped to see "a very strong political decision" to set the direction for freer trade in APEC.

Mr. Hartarto said Indonesia as host was proposing what he called three pillars of APEC cooperation as the basis for the APEC ministerial meeting and the APEC leaders' meeting in November.

First, further liberalisation of trade and investment. Market access must become the driving force for the APEC economies, he said. "That's why Indonesia is very supportive of further liberalisation," Mr. Hartarto said.

Second, free flow of capital and investment.

Third, developmental cooperation or cooperation in such areas as human resource development, science and technology, small and medium-sized enterprises, and infrastructure.

Mr. Hartarto said Europe could take part in this East Asian boom within APEC by synergising its companies with those of East Asia to pursue global markets.

APEC Meeting To Confirm Small Firms' Role

OW1910150294 Tokyo KYODO in English 1358 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—A joint statement to be adopted at the upcoming Osaka conference of the Asia-Pacific Economic Cooperation (APEC) forum will confirm the importance of small companies in economic development not only of the area but of the world, a senior Japanese Trade Ministry official said Wednesday [19 October].

The statement will define the role of small companies as "a prime mover" for the economic prosperity of the Asia-Pacific region, the official said on condition of anonymity.

"The Asia-Pacific area is generally considered a driving force of the global economic growth in the next century. But without economic vitality of small companies, the area could not fulfill such a role," the official said.

Japan will host the two-day meeting on small companies from Saturday, which will bring together economic and trade ministers, especially those in charge of small companies, from the 17 APEC members and Chile, a country formally to join APEC in November.

The conference is based on a Japanese proposal for beefing up policy dialogue on development of small companies in the Asia- Pacific region, which was announced at the informal summit meeting of APEC in Seattle in the United States last November.

The Trade Ministry official said the joint statement will also address various problems facing "supporting industries" in the Asia-Pacific area. The problems range from backwardness in fostering human resources, technological development and computerization to difficulties in raising money, the official said.

The statement will then propose establishing a mechanism to promote policy dialogues intended to overcome these difficulties, the official said.

Specifically, APEC will first create a high-level research forum to study the actual state of small companies, the official said.

Representatives from the private sector will also join the coming meeting, including business leaders in Osaka and the Pacific business forum, a group of businessmen selected from APEC members.

It is the first time for APEC to hold a conference with attention focused on a single issue. The meeting will also be the first of its kind to be held jointly with the private sector.

The Trade Ministry official said that what will be discussed at the conference could be reflected in Japanese policies on small companies.

"The prosperity of small companies in Japan's neighboring countries would also be beneficial to small Japanese companies as their potential export destinations may increase while Japan could import materials from these areas," the official said.

Improvement in the investment environments of Japan's neighbors would also encourage business operations there by small Japanese firms, the official said.

The official said Russia will take part in the open session of the coming APEC meeting as an observer. But Russian representatives are not scheduled to have a formal meeting with the chief of Japan's small and medium enterprise agency, a unit of the Trade Ministry, the official said.

The coming Osaka meeting will begin with Japanese Trade Minister Ryutaro Hashimoto's keynote speech on Sunday.

The first-day session on Saturday will focus on a banquet that Hashimoto will host and bilateral meetings among the APEC countries.

Hashimoto plans to hold bilateral talks with five or six ministers, including the Taiwanese economic minister, marking the first Japan-Taiwan ministerial meeting in 22 years.

Substantive discussion is set for the second-day session.

Agreements reached at the conference will be reported to the second APEC informal summit in Bogor, Indonesia, on Nov. 15.

OECD Acting Chief on Accepting New Members

OW1910131794 Tokyo KYODO in English 1250 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—The Organization for Economic Cooperation and Development (OECD) wants to enhance its membership but any prospective members should be ready to fulfill certain responsibilities to join the club, the acting OECD chief said Wednesday [19 October].

In opening remarks for high-level informal talks between the OECD and "the dynamic nonmember economies," Staffan Sohlman, acting secretary general of OECD, said, "the organization's progressive enlargement to new members...further enhances OECD's relevance and influence." But Sohlman added countries now outside the OECD club "can be expected to join the organization when each is ready and able to assume all the responsibilities involved."

At a news conference after the one-day Tokyo gathering, Sohlman said a country wishing to become an OECD member needs to meet two "formal codes" set by the OECD—liberalization of financial and capital markets, and a requirement on environmental policy.

Lorenz Schomerus, OECD assistant secretary, said the OECD "is not a static organization but a living organization which adapts to changes in the world."

Sohlman said in his opening remarks that the OECD will not accept membership for "all the major actors in the world economy" in the next few years.

"For those major actors that will not be ready or able to assume all the responsibilities of membership, the OECD's dialogue with dynamic nonmember economies will be the institutional framework which will allow these economies both to have an impact on the organization's work and to benefit from it," Sohlman said.

ROK's Kim Chol-su on Bid for WTO Presidency

BR1910114494 Paris LE MONDE in French 18 Oct 94 p 22

[Report on interview with South Korean Trade, Industry, and Energy Minister Kim Chol-su by Jean-Pierre Tuquoi in Paris on 10 October: "Future Director General of World Trade Organization Should 'Be Independent of the Two Existing Trade Blocs'"]

[Text] On a stopover in Paris, Korean Trade, Industry, and Energy Minister Kim Chol-su explained to LE MONDE on 10 October the reasons for his candidacy for the position of head of the World Trade Organization (WTO), the institution which should replace GATT next year.

He was hitherto simply an "outsider" who was not regarded as having any chance at all. But, since Japan officially made it known that it supported Kim Chol-su's candidacy as head of the future WTO at the end of last week, the ratings of the Korean trade, industry, and energy minister have risen sharply.

Of course, nothing is yet decided. The man who succeeds Peter Sutherland, the current GATT director general, will be chosen by the 120 member countries at the beginning of December, from three official candidates. The rule is that of consensus. The favorite, outgoing Mexican President Carlos Salinas de Gortari, has open U.S. support. Renato Ruggiero, former Italian trade minister, who also worked for Fiat, can count on the support of the European countries. But Kim Chol-su is not without support. In addition to Japan—and Australia—he says he enjoys the support "of most of the Asian countries, and some others in Africa and the Near East" whose identity he does not wish to reveal at present.

The Example of a Good Student

Kim Chol-su, who is 53 years old, is a recognized expert in international trade. A graduate of an American university, this pleasant and distinguished technocrat has defended his country's interests in its trade negotiations with Europe and the United States. From his participation in the Uruguay Round from start to finish, he has drawn a detailed knowledge of the mysteries of GATT and its functioning. "It is a complex world. It is impossible to present yourself as a mediator, which the future director general of the WTO will have to be, if you are not fully acquainted with the wheels of the machine responsible for supervising world trade," he said.

In addition to the argument of competence, another factor argues in favor of a Korean candidate as head of the WTO, in Kim Chol-su's eyes: The example which Korea sets for the developing nations. In around 30 years, the per capita income in that country has increased from less than $100 to more than $7,000. And the Korean economy has opened up to imports. But the minister took care not to present himself as the developing countries' candidate. On the contrary, he loudly claims to be the representative of an Asian continent whose economic growth has been obvious for several years and which is playing a growing part in international trade. "It is time to make our voice heard," Kim Chol-su said. "Since its creation, GATT has always been headed by a European. That must change." Choosing him in preference to Carlos Salinas or Renato Ruggiero would make it possible, he added, to place at the head of the WTO somebody who is "independent of the two existing commercial blocs—North America and the European Union."

If he is elected, the minister, an unconditional advocate of multilateralism, sets himself a double task: "Implementing the Uruguay Round as quickly as possible and completing it; welcoming as quickly as possible the 20 or so countries—including China—which have been waiting outside GATT's door." He will do this, he explained, without changing the organization established in Geneva into a huge international bureaucracy. "The WTO must not be costly to its members," he said.

Convinced that the U.S. Congress will eventually ratify the Uruguay Round, Kim Chol-su, portrayed by some Europeans as very close to the United States, is aware that the choice of a director general for the WTO is inseparable from the compromise between Americans and Europeans which will finally be found in the OECD, which is also seeking a general secretary. "There should be no links between the two matters," he said with regret. Ironically, the upheavals in the OECD, which are likely to be fatal to Kim Chol-su, come at a time when Korea is preparing to apply to join the club of the so-called rich countries.

Anti-Nuclear Asia Forum Opens in Seoul 15 Oct

SK1510052794 Seoul YONHAP in English 0508 GMT 15 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 15 (YONHAP)—The 1994 Anti-Nuclear Asia Forum, attended by non-governmental organizations (NGOs) concerned with the environment and nuclear issues from seven countries, opened Saturday [15 October] morning at Myongdong Cathedral for a week-long run. Sponsored by the Korean committee comprised of 26 NGOs, the international conference will discuss such issues as atomic power plants in Asia, the North Korean nuclear problem, Korean atomic bomb victims and Japanese nuclear armaments under the theme "For a Nuke-Free Asia."

In particular, the participants will be calling on Japan to provide treatment and compensation to the victims.

Following the opening ceremony, the afternoon session will debate Asian nuclear issues and the future. From Sunday, the delegates will head for atomic power plants to stage rallies.

The first gathering was held in Japan in June last year and the 1995 meeting is slated for Taiwan.

Japan

MOF Seeks Role in Realizing U.S.-DPRK Pact

OW2010072994 Tokyo TOKYO SHIMBUN in Japanese 19 Oct 94 Morning Edition p 7

[FBIS Translated Text] Following the U.S.-DPRK agreement on putting an end to the DPRK's (North Korea) suspected nuclear arms development, the Ministry of Finance [MOF], in expectation of increasing Japan's financial burden over such issues as giving North Korea a light-water nuclear reactor, is showing its strong interest in future coordination aimed at giving concrete form to the contents of the agreement.

Saying that the "we can support the contents of the agreement," (according to Yohei Kono, deputy prime minister and concurrently foreign minister), the Japanese Government expressed its stance of welcoming the agreement. Since the three countries—the United States, the ROK, and Japan—cooperated with each other in reaching the agreement with the DPRK, Japan is in a position that it cannot easily refuse future requests to give due support.

Some government officials are of the view that "the United States will ask Japan to share financial burden at the scale of some one billion dollars (Y100 billion) in providing a light-water reactor."

Since this is a "delicate issue which may have some impact on future Japan-DPRK relations" depending on the contents of the agreement, however, it is inevitable that political pressure will be strengthened by calling for Japan's active support. It seems that the MOF will be forced to introduce severe financial measures to make ends meet in the future.

U.S.-DPRK Accord Termed 'Realistic First Step'

OW2010072194 Tokyo ASAHI SHIMBUN in Japanese 19 Oct 94 Morning Edition p 5

[Editorial: "First Step Toward Nuclear-Free Korean Peninsula"]

[FBIS Translated Text] The United States and the DPRK, at their high-level-officials' talks in Geneva, have managed to arrive at an agreement on resolving the DPRK nuclear issues. The agreement will be formally signed once the governments of the United States and the DPRK approve it.

A basic agreement on the nuclear issues was reached at the U.S.-DPRK high-level-officials' talks in August along the policy outline laid out by the late President Kim Il-song and former U.S. President Jimmy Carter. This time, the formal agreement gives a more concrete form to it. It can be said that with this, a realistic first step was taken toward realizing a "nuclear-free Korean peninsula."

Details of the U.S.-DPRK agreement have not been made public, but the agreement's contents, as learned by the ROK, are as follows:

"The DPRK will stop its graphite-moderated reactor construction program, and will install light-water reactors instead. It will return completely to the Nuclear Nonproliferation Treaty (NPT), and will accept both special and normal inspections. It will fully carry out 'safeguard obligations' required by the International Atomic Energy Agency (IAEA).

"The United States, for its part, will form an international consortium of nations to participate in constructing light-water reactors and will provide substitute energy until the completion of these reactors.

"The United States and the DPRK agree to set up liaison offices in each other's country, and the DPRK agrees to resume dialogue with the ROK."

There appears to be criticisms in some quarters charging that the United States has made too many concessions. There are some who complain that the Clinton administration's diplomacy on the DPRK lacks consistency and balance vis-a-vis its rigid stand on Iraq and Haiti as well as its position on China's human rights issues.

Though such problems may exist, we need to realize that top priority should be given to the question of how a "nuclear-free peninsula" can be realized, and how peace can be restored and tensions can be eased on the Korean peninsula. In that respect, our country, which has close ties to the Korean peninsula and wants tensions there eased, can welcome this agreement.

In the DPRK, heir-apparent Secretary Kim Chong-il finally made a public appearance at a memorial service on the 100th day after President Kim's death, thus making it clear at home and abroad that there is no doubt he is assuming control of the government. The fact that the U.S.-DPRK talks, which were having a rough-sailing, could come to a conclusion is an indirect testimony that Secretary Kim is exerting his leadership along the line of maintaining dialogue and cooperation.

In the contents of the agreement there are a number of points that are not too clear—the issue of inspections being one of them. We earnestly hope that these points will be clarified and that the DPRK will regain credibility from the international community by observing and fulfilling this agreement sincerely. We also hope the South-North Korea dialogue will resume soon.

Light-water reactors are not fit to produce plutonium that can be used in producing nuclear arms. As such, they are safer than the graphite-moderated reactors the DPRK currently use. Hence, it is desirable that the country adopt light-water reactors.

But building light-water reactors is expensive. Basically, the United States is not thinking of bearing the cost alone. In fact, it wants to depend on the ROK and Japan for it.

In the case of the ROK, it basically believes that it should do its part from the perspective of future national reunification. However, as far as Japan is concerned, it is difficult to say if a popular consensus on bearing such a big burden exists.

To gain the understanding of the people on sharing the burden, the government must confirm first that the DPRK does not possess nuclear arms. Can the so-called "safeguard measures" in the U.S.-DPRK agreement assure that there are no nuclear arms developed in the "past"? The issue of whether Japan should participate in sharing the cost or not can be addressed only after that question is answered. But the construction of light-water reactors is a long-term project that will take about 10 years to complete. This time, the agreement is only a starting point. It is necessary to take time to study positions for Japan to take.

Tokyo 'Frustrated' at U.S. Stance on DPRK Aid

OW2010002194 Tokyo ASAHI SHIMBUN in Japanese 19 Oct 94 Morning Edition p 1

[By Koji Igarashi]

[FBIS Translated Text] Washington, 18 Oct—In response to a U.S.-DPRK accord on a settlement of the nuclear issue, the international community will be urged to establish a consortium as a framework for multinational assistance to the DPRK's introduction of light water reactors. The United States wants to set up the consortium before the end of this year, but the ROK, Japan, and other likely contributors have not yet determined their courses of action. The United States intends to open talks with concerned nations as early as possible to call for participants from not only Asia, but also Europe.

An establishment of the multinational consortium, or the "Korea Energy Development Organization (KEDO—tentative name)" was proposed by Robert Gallucci, U.S. ambassador in charge of negotiations with the DPRK. He visited Japan and the ROK in September on the eve of resumption of negotiations in Geneva, and obtained final approval for his proposal from the two nations. According to a senior U.S. Government official, participants of the KEDO are expected to include the United States, the ROK, Japan, China, and Russia, as well as some major nations in Asia and Europe.

The consortium will offer financial and technological support to replace the DPRK's graphite-moderated reactors with light water reactors, which are unlikely to be used for military purposes. Since the reactor replacement process will take six to 10 years, the consortium will grant crude oil to the DPRK as an alternative energy resource during the transitional period.

Now that the DPRK aid is drafted, the focal point is who is going to bear the costs of the reactor aid, which are likely to exceed $4 billion. The ROK intends to bear over two-thirds of the costs as long as the consortium uses ROK-made light water reactors. In mid-September, ROK Foreign Minister Han Sung-chu visited the United States to convey President Kim Yong-sam's decision to bear most of the costs, without setting a limit.

The United States wants other consortium members, especially Japan, to bear the remaining costs. However, the United States itself has no intention of making monetary contributions due to a law that prohibits aid to hostile countries, and is going to seek a position as a "coordinator" in the consortium.

The ROK and Japan highly rate the U.S. initiative in the negotiations as a leader of the international community; however, they are both frustrated with its stance to refuse any financial burdens.

Hereafter, the United States will have to ease frustration and concern among its partners. To smoothen the renewal of the nuclear Nonproliferation Treaty (NPT) next spring, the United States wants to open crude oil aid early next year. This means the United States has to agree with its partners on the consortium's establishment and on tangible measures for the DPRK aid by that time.

Preconditions for Resuming DPRK Talks Viewed

OW1910142594 Tokyo KYODO in English 1350 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—A top Foreign Ministry official suggested Wednesday [19 October] that Japan may shelve the issue of the safety of a Japanese woman believed to have been kidnapped by North Korea in a concession aimed at resuming long-stalled bilateral talks.

Asked if Japan will put the issue aside for restarting the talks with pyongyang aimed at establishing diplomatic ties, the official said, "that's what we've got to think about."

The bilateral negotiations have been deadlocked since November 1992, when North Korea walked out of the eighth round of talks in protest at Japan's requests to confirm the safety of the woman, Ri Un-hye, who Tokyo believes was abducted by North Korean agents.

The Japanese Government alleges the woman was forced to serve as a language teacher for Kim Hyon-hui, a North Korean agent responsible for the bombing of a Korean Air jetliner in 1987 that killed all 115 people on board.

The Foreign Ministry official, who spoke on condition that he not be identified, pointed to a lack of information over North Korea.

"It is important to maintain the conditions conducive for talks with North Korea," he said.

Foreign Minister on Resuming Talks

OW2010131094 Tokyo KYODO in English 1254 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Foreign Minister Yohei Kono said on Thursday [20

October] that Japan is willing to shelve the issue of the safety of a Japanese woman believed to have been kidnapped by North Korean agents and resume normalization talks with Pyongyang without any preconditions.

"We don't need to attach any preconditions to restarting talks with North Korea," Kono said at a session of the special committee on security of the House of Representatives. He was referring to the bilateral dispute over the Japanese woman Ri Un-hye, who Tokyo believes was abducted by North Korean agents.

Japan alleges the woman was forced to serve as a language teacher for Kim Hyon-hui, a North Korean agent responsible for the bombing of a Korean Air jetliner in 1987 that killed all 115 people on board.

The bilateral negotiations aimed at establishing diplomatic ties have been stalled since November 1992, when North Korea walked out of the eighth round of talks in protest at Japan's requests for confirmation of her safety.

Kono said, "if there are issues to be solved, we will be able to tackle them through talks after we return to the negotiating table."

At the same committee, a senior Foreign Ministry official said Japan should provide support for North Korea's alternative energies as part of international assistance to the country's project to develop light-water nuclear reactors.

Yutaka Kawashima, who heads the ministry's Asian Affairs Bureau, said, "Japan should make due contributions to the project if that will help solve the international nuclear dispute."

Kawashima said how much Japan should provide will be decided later within the framework of international cooperation on the issue.

International assistance for North Korea's light-water reactor program is part of the recent agreement between the United States and North Korea in their bilateral high-level nuclear talks.

International aid for alternative energies is expected to be supplied to North Korea separately from the estimated 4 billion dollar assistance for developing light-water reactors, which produce little plutonium, a key component for nuclear bombs.

DPRK Envoy's Transfer Sign of Effort

OW2010140094 Tokyo ASAHI SHIMBUN in Japanese 20 Oct 94 Morning Edition p 3

[FBIS Translated Text] North Korean envoy Yi Sam-ro [name as transliterated], who has served as a North Korean chief negotiator for negotiations on normalizing diplomatic relations between Japan and the DPRK, will likely be transferred to Indonesia in the near future as the DPRK ambassador, sources related to Japan-DPRK diplomatic talks disclosed on 19 October. Seeing the possibility that, following the recent U.S.-DPRK agreement reached at high-level talks that paved the way for settling the issue of North Korea's suspected nuclear program, the change of the North Korean envoy in charge of Japan-DPRK talks will provide a breakthrough in the deadlocked Japan-DPRK negotiations, the Foreign Ministry is trying to gather information regarding who will succeed Yi.

North Korea is placing importance on improving relations with Indonesia—which is the presidential state among the nonaligned nations—second to China. In this sense, envoy Yi's transfer to Indonesia is reasonable. There is a view within the Foreign Ministry that Yi's transfer is part of the moves concerning reshuffling personnel in line with North Korea's shift to the new establishment to be led by Secretary Kim Chong-il.

A senior Foreign Ministry official said that "it is expected that envoy Yi's post will be taken over by another North Korean official as the new representative for the talks." (according to a senior Foreign Ministry official). In view of this, it seems an air of resuming negotiations on normalizing diplomatic relations will prevail in the two nations. The Japanese chief negotiator to the diplomatic talks is Mr. Tetsuya Endo.

Envoy Yi took part in the negotiations from the first round of talks held in January in 1991 as the deputy chief of the DPRK delegation to the talks. Following the death of Foreign Vice Minister Chon In-chol, he became the chief of the DRPK delegation beginning with the seventh round of the talks in May 1992.

Trade Official on Resuming Auto Talks With U.S.

OW2010094694 Tokyo KYODO in English 0909 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Japan will not comply with a reported U.S. request to resume auto parts trade talks at an early time, a senior trade official said Thursday [20 October].

"It is Washington that smashed apart discussions that were almost wrapped up," the official said on condition of anonymity.

News reports said U.S. Trade Representative Mickey Kantor has recently sent a personal letter to Japan's International Trade and Industry Minister Ryutaro Hashimoto calling for an early resumption of the stalled auto parts trade talks.

"Mr. Hashimoto has yet to receive the letter. But regardless of what it says, Tokyo has no intention of returning to the negotiating table now," the official said.

Japan and the United States have recently struck accords on three areas of the "framework" talks—insurance, government procurement and sheet glass.

But no deal was cut on U.S. access to Japan's auto parts markets, prompting Washington to initiate an investigation into the trade area under Section 301 of the U.S. law.

The senior trade official said Hashimoto will meet with Prime Minister Tomiichi Murayama later Thursday in order to coordinate Tokyo's trade stance against the U.S.

Foreign Minister Yohei Kono and Chief Cabinet Secretary Kozo Igarashi will also attend the meeting, said the official at the Ministry of International Trade and Industry.

Murayama Comments on U.S. Trade Data, Rising Yen

OW2010022894 Tokyo KYODO in English 0158 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Prime Minister Tomiichi Murayama said Thursday [20 October] he believes the yen's surge against the U.S. dollar, seen overseas trading overnight, will be short-lived.

"I believe the yen's rise is following the increased U.S. trade deficit with Japan in August. It may not last long," Murayama told reporters at his official residence. The U.S. trade data was released Wednesday.

In New York, the yen was quoted in the 96 yen level at one point. In early Tokyo interbank trading Thursday, the yen advanced 0.18 yen to the dollar from Wednesday's closing rate to 97.43 yen.

At the prime minister's official residence, Murayama received people who have been commended by the government for their contribution in trade and gave a speech stressing his government's continued efforts to increase imports.

"Increasing imports is one of the most important policies to keep Japanese development in line with the world economy through correcting current account imbalances and market opening to the world," Murayama said.

Hiroshima Condemns U.S. Decision on War Exhibit

OW2010130194 Tokyo KYODO in English 1116 GMT 20 Oct 94

[FBIS Transcribed Text] Hiroshima, Oct. 20 KYODO—The City of Hiroshima sent a letter to U.S. Vice President Al Gore on Thursday [20 October], telling him the city considers a U.S. Senate resolution seeking changes to an exhibit next year at Washington's Smithsonian Institute wrongly justifies war and the atomic bombing of Hiroshima.

The resolution passed by the Senate on Sept. 24 called for changes to the exhibit whose central piece will be the B-29 bomber that dropped the atomic bomb on Hiroshima in 1945. But the letter, signed by Hiroshima Mayor Takashi Hiraoka, said "the mentality which justifies not only the dropping of the atomic bomb, but also war itself, makes us, the citizens of Hiroshima, angry and sad."

As vice president, Gore presides over the Senate but may not take part in its deliberations.

The Senate resolution, tabled as a result of pressure from war veterans' groups, said the Smithsonian Air and Space Museum exhibit, as originally planned, lacks balance and offends U.S. war veterans.

The plan for the exhibit calls for the display of the Enola Gay, named after the mother of Col. Paul Tibbits who flew the plane, as well as text explaining the A-bombing and photos of Japanese victims. The exhibit would also include photos of the Japanese Imperial Army's invasion of Asian countries.

Sen. Nancy Kassebaum, a Republican from Kansas, sponsored the resolution, saying the project presented twice as many photographs of Japanese victims than of Americans killed by Japan's Army during World War II. The resolution sought to change the presentation of the plane, the photos and the text. But the Hiroshima City letter said: "We think it is significant to discuss how to eliminate wars in this nuclear age instead of the justification of wars in the past."

"Knowing well that we live in the nuclear age, we want people in the world to know about the world's first experience of the atomic bomb."

The exhibit is planned for May 1995 to commemorate the 50th anniversary of the end of the war with Japan. The resolution, adopted by the Senate, describes the script as "offensive to many World War II veterans," and says "the role of the Enola Gay during World War II was momentous in helping to bring World War II to a merciful end, which resulted in saving the lives of Americans and Japanese."

Groups Rally Against U.S. Live Shell Exercises

OW1910105394 Naha OKINAWA TIMES in Japanese 19 Oct 94 Morning Edition p 2

[FBIS Translated Text] Kin—The U.S. Marine Corps on Okinawa started live ammunition firing exercises across the prefecture road 104 at Camp Hansen in Kin Town at noon [0300 GMT] on 18 October. The exercises are scheduled to continue for three days until 20 October. Using two gun platforms, 155-mm howitzers will be fired at Onna-renzan [Onna mountain range]. This will be the eighth exercise this year, with a total of 150 since 1973 when the prefectural government began collecting statistics.

Although the exercises started at noon, democratic groups opposing them staged a protest rally at two locations around the base in the early morning before they went to work.

About 20 people affiliated with Toitsuren [the United Action Liaison Council To Defend Livelihood and Democracy] gathered in front of Camp Hansen's Gate 1. Hiroaki Yoshizawa, president of Gensuikyo [the Japan Council Against Atomic and Hydrogen Bombs], and other members appealed: "As long as the U.S. Forces try to strengthen their exercises and bases, we will carry on our struggle." On the other hand, approximately 100 members of the Okinawa Peace Movement Center gathered at Igei Takadai [Igei heights]. Vice President Isamu Yamagawa emphasized: "The U.S. Forces are using the sky, land, and sea as they like, and the lives and property of Okinawan residents are being threatened."

At 1700 [0800 GMT], the U.S. Forces finished the day's exercise after firing 80 shots.

Effect of FSX on U.S.-Japan Alliance Assessed

942A0666A Tokyo SECURITARIAN in Japanese 1 Jul 94 pp 8-11

[Article by Ryuichi Teshima, NHK political reporter; responsible for news coverage of the Ministry of Foreign Affairs, Prime Minister's Official Residence, and Liberal Democratic Party: "The Changing Appearance of the U.S.-Japan Alliance"]

[FBIS Translated Text] *The U.S.-Japan security setup was taken for granted like the air during the Cold War. When the Cold War structure lost its cohesive power and the FSX problem arose, did the U.S.-Japan Security Treaty begin to reveal another aspect? Can Japan restructure the U.S.-Japan security setup and retain the U.S. presence in Asia? Ryuichi Teshima, who personally observed the U.S.-Japan joint development issue over the FSX in Washington, was interviewed as to what is happening now to the U.S.-Japan security framework.*

Centrifugal Force Is Working on U.S.-Japan Security

A fairly large fissure, a tear, has begun to appear in U.S.-Japan relations, or to be more precise, U.S.-Japan alliance. The reason is that a major power called the Soviet Union that had reinforced the U.S.-Japan alliance from the outside has ceased to exist. Naturally, the centrifugal force becomes stronger than the centripetal force.

If the force to strengthen the alliance from the exterior is inoperative, the U.S.-Japan security setup must be restructured from the inside. The term, "restructuring," is used specifially here, instead of "strengthening" or "maintaining," because new concepts regarding the alliance are needed by both the United States and Japan, i.e., in Washington and Tokyo.

However, if one were to ask whether Japan is proposing aggressive plans to build a new U.S.-Japan alliance, I believe the answer must be "no." Rather, actions are limited to minor technical adjustments. I think that now is not the time for slight adjustments but for restructuring. That an open seam is beginning to show is not the problem. I believe the critical concern is that the force needed to regenerate the alliance to meet the new times is not fully operating from within.

FSX Is Creating a Schism Between the United States and Japan

Signs of a type of schism in the U.S.-Japan alliance were beginning to appear from around the mid-1980's. Having observed a major part of the U.S.-Japan development and research process for the FSX (advanced support fighter) while in Washington, I studied this issue, and after collecting additional information on the doubtful points, I wrote a book, *Shooting Down the Japanese FSX*. Also, I was able to understand, for the first time, that this is how the East-West Cold War was gradually ending even in the context of the U.S.-Japan alliance.

The Defense Agency's Technical Research and Development Institute, the defense industries and the Liberal Democratic Party [LDP] defense zoku Diet members are referred to as the "trinity" and from the standpoint of this group, though the assembly of the main fighters (U.S. aircraft) might be done here, they had wanted to produce the support fighters domestically so that they can take over the fighter aircraft development technology. Moreover, they had considerable confidence in technologies, including that of the CCV (control configured vehicle), the most prominent technological feature. Except for engines, they were also fairly confident about other technical aspects, including the epochal use of carbon fiber in fuselage parts. The construction of a new fighter aircraft by injecting such advanced Japanese military technologies would be of benefit, in a broad sense, to the Western allies as a whole. It is natural for technologists to want to turn out the best whatever the product they are making. The U.S. State Department and the White House will surely show understanding in this matter. The reason is that everyone was thinking such division of niches had been proceeding very smoothly until now.

However, when the FSX issue had reached the stage of concrete talks, a warning signal was received suddenly one day from Washington that independent development of the FSX was not acceptable. Perhaps, if this had been the 1970's when the United States was the leader of the Western alliance with pride in its overwhelming power, Japan might have been entrusted, to some extent, with the task. As it turned out, when the Soviet Union was about to slip down from its position as archenemy to the United States, Japan had confronted the United States with plans for the most advanced fighter.

As a result of negotiations, agreement was reached on joint development but another heated controversy arose as to whether an entirely new model aircraft should be built or an existing fighter should be used as the model. The conclusion was that, for the present, the model would be a U.S. aircraft and, to be specific, advanced Japanese technologies would be incorporated in the F-16 fighter. But then, over the issue of whether the software program's source code for aircraft control should be given, grave suspicions about Japan began to grow in the United States.

Kevin Kearns of the U.S. State Department states informally that, "Is the United States going to grant so readily to our 'ally' Japan, the military technologies that we had cultivated assiduously in the postwar period? The high-tech power Japan is aiming to incorporate U.S. military technologies into its own economic strategies. Today's friend might become tomorrow's rival. To provide them with valuable military technologies is the act of a fool...." This was Carnes' biggest motive for opposing the joint U.S.-Japan FSX development.

To be more specific, the concern was that Japan would possess a very powerful "Japanese FSX" or "new Zero fighter" in the 21st century and, moreover, backed by enormous economic power and advanced military technology, Japan would gradually withdraw from the U.S.-Japan alliance.

Isn't it a foolish act to give away the most advanced U.S. military technology, particularly the source code built up through actual combat experiences, for Japanese domestic production of the FSX? If they had thought that Japan was breaking up the framework of U.S.-Japan alliance and, though gradually, shifting its basic stance, their opposition to joint FSX development can be well understood. These grave suspicions had already begun to form during the closing period of Reagan's term in the 1980's when the U.S.-Japan defense cooperation was said to be the world's best.

Japanese Image as Reflected in the Eyes of the United States

When the then Prime Minister Hosokawa visited the United States in February, he declared abruptly in a lecture at President Clinton's alma mater that Japan would not acquire nuclear weapons. I have made this point repeatedly but I believe that, except for a very small segment of special persons, no one in Japan thinks that Japan should be armed with nuclear weapons. Furthermore, we think that no matter where we look, we will not find any indications pointing to nuclear armament.

However, the problem lies in the kind of Japanese image that is being reflected in the eyes of the United States and the world by Japan's position in the post-Cold War period. At present, Japan is saying it has neither the political intentions nor the needed capabilities. However, political intentions can change depending on circumstances. In fact, discussions as to whether Japan would really maintain its political determination as in the past, when the North Korean nuclear threat becomes quite real, are very common in the United States. Also, as far as capabilities are concerned, Japan is only lacking the ability now to immediately arm missiles with nuclear warheads. Japan is the foremost nonnuclear weapons country with abundant potential capabilities, and therefore, when the above two points are considered dispassionately, it is natural that in the eyes of the U.S. side, Japan would appear as a country with potential intentions and capabilities to acquire nuclear weapons and that it can become a nuclear power if it so decides politically.

I hope that statement will not be misunderstood as it is apparent that Japan will not possess nuclear weapons. However, against the backdrop of this Japanese capability, it is important, nevertheless, to calmly consider how the Japanese image might appear, especially in the eyes of our ally, the United States.

Thinking about it now, it seems only natural, but during the Cold War, the U.S.-Japan security setup existed exactly like the air. For us now, the U.S.-Japan security framework no longer exists like the air, and it must be treated like "candy that would melt" unless it is reinforced constantly from the inside and restructured with new concepts.

Appearance of "Revisionist Toward the United States"

Heretofore, the Ministry of Foreign Affairs had been responsible for the political aspects of the U.S.-Japan alliance and the Defense Agency had been charged with security measures, particularly the hardware portion. Although the U.S.-Japan alliance has been called the axle of Japanese diplomacy, some have questioned whether that is applicable to other Japanese government agencies and signs are appearing that the policy is being reassessed.

To make the discussion more understandable, I recently coined a new term, "revisionist toward the United States," to designate persons who favor reassessment, and I am pleased that it is being used quite widely-...(laughter). Originally, there was only the term, "revisionist toward Japan," so I will explain that briefly.

In the mid-1980's, the United States was hit quite severely by enormous trade deficits and the perception grew that of the deficits, the huge trade imbalance with Japan was the main cause of the decline in the U.S. national strength. Prior to that, when the United States was engaged in the Vietnam war from the 1960's to 1970's, from military and political standpoints, there was an urgency to maintain close alliance with Japan, the keystone of Asia, which was truly a strategic base of operations, especially with Okinawa.

Because of such security demands, in the economic field, the U.S. market was opened liberally though the Japanese market was closed to a considerable extent. The United States had given Japan a fairly generous handicap. During the Cold War, as the leader of the Western world, the United States was forced to make considerable sacrifices in order to triumph over the Eastern world in which Stalinism was dominant and, as a result, made significant compromises in the economic field. For this reason, the United States became impoverished as it is today and Japan, the economic power, was permitted to make overwhelming inroads into this country—that is how the U.S. public thought.

Thereupon, those who believed that Japan was the culprit began to claim that, perhaps, the United States had made a serious miscalculation, i.e., the heart of U.S. industries, especially steel, and even the last stronghold of aircraft and missile industries are being eaten away by Japan, which does not fully observe the rules of capitalism and is controlled by state-supported mercantilism. Consequently, the perception spread rapidly that though the United States had coped with an enemy called the Soviet Union, the country was losing to another competitor, Japan. The ideology of these "revisionists toward Japan" is that policies toward Japan should be reevaluated fundamentally and unreasonable compromises should be modified in the economic area.

Next, let us examine the assertions of revisionists toward the United States. They point out that the U.S.-Japan confrontation in the economic field is already entering a dilemmatic stage and claim that in the national security sector, Japan should modify somewhat its complete dependence on the United States and overreliance on the U.S.-Japan security arrangement and gradually shift the security axis to East Asian countries with the greatest vitalit· specifically, the PRC and ASEAN nations like Malaysia and Indonesia.

However, to prevent any misunderstanding, I want to say that these persons are not suggesting, in any way, that the U.S.-Japan security setup, i.e., the U.S.-Japan alliance, should be dissolved. They are only saying that the axis should be shifted a little. However, how will that be taken by the United States? As long as U.S.-Japan relations are in a state where the proposal for genuine domestic production, as in the past, of the replacement to F-1 support fighter draws such vehement disapproving response, the problem is how strong a message would such an assertion convey to our counterparts.

How To Compensate for Peace?

During the Cold War, Japan had somewhat of a special existence from the international standpoint and especially because Japan was a defeated country, national security matters had not been discussed thoroughly in a very serious vein. However, even opposition party members who spoke boldly in the Diet about nullifying the U.S.-Japan Security Treaty were probably aware that security was being maintained under the U.S. nuclear umbrella. No one complained as long as they were engaged in idealistic discussions; therefore, scholars only spoke in terms of ideals, but they must have realized the fact that Japanese national security was dependent on the U.S. umbrella. Then, if one were to ask whether the arguments of these persons were entirely insincere and senseless, intellectually speaking, that is not altogether true because they served the purpose of preventing Japan from becoming an ultramilitaristic nation.

National security discussions in Japan will probably not be limited to dogmatic arguments, especially when tensions on the Korean peninsula heighten in the future. Since that would affect Japanese security directly, discussions must necessarily become earnest. Presently, the vinyl covering is being completely removed from the hothouse and Japan is being exposed to the outside air. To preserve peace, Japan must depend heavily on the U.S. and UN power but that is not enough. Japan must guarantee national security with its own hands. That is not limited to military power, and national security must be assured through all available means, including diplomacy and intelligence operations.

However, facing such a new environment, there is extreme danger because there is no consensus as to what basic principles Japan should follow or what national security policies should be adopted nor have new concepts been fully formed. Since they are transitory in nature, we must not be too hasty, but we cannot continue forever without them. We are in the difficult process of establishing a national security viewpoint that is appropriate for Japan. To compensate for peace, Japan must participate voluntarily in the construction of the world order. Without question, that is the situation confronting Japan.

Will U.S.-Japan Frictions Incite Japanese Nationalism?

Since U.S.-Japan economic talks have not been reopened yet, at the time of this interview, U.S.-Japan relations in the economic field might be said to be in a sort of ruptured state, to put it somewhat strongly. When the United States is underscoring economic priorities so heavily and there are no major enemies, there is the possibility that intense economic frictions might easily shift to the national security arena.

On the other hand, from the Japanese standpoint, the establishment of numerical targets which might lead to managed trade is a coercive measure. Moreover, since the United States thinks that Japan will comply if threatened, demands are being intensified. Then, people who supposedly do not harbor strong nationalistic tendencies begin to think that the United States is making too many unreasonable demands and a subtle anti-U.S. nationalism begins to grow.

Probably, I belong to the category of Japanese who are very familiar with the factors underlying U.S. assertions, but even I think sometimes that "What the U.S. side is saying is unjustifiable. They do not need to make such requests." In the coming general elections, if a political party emerges that advocates fighting the United States on the basis of fair and just principles, the party can posibly gather support. In other words, a nationalistic party which gradually distances Japan from the United States might appear in the future. If such a party garners votes, it is possible that there will be a centrifugal force working steadily on U.S.-Japan relations. Therefore, in that sense too, it can be said that we have entered a rather diffiult period now that the Cold War has ended.

Another U.S.-Japan Security Aspect Comes to the Fore Following the Cold War

In the first half of the 1980's, there was a period when the course of undue economic emphasis and minimal militarization was reassessed and aggressive measures for defense of the 1,000-mile sealane were urged in order to maintain U.S.-Japan relations on a firm basis. However, it must be pointed out that the U.S. side is no longer strongly seeking such hardware contributions to Japan's national security or the strengthening of its military power.

From the beginning, the U.S.-Japan Security Treaty was trailed by U.S. occupation policies and had two aspects. One aspect was to curb the revival of new Japanese militarism, and the other was to develop it into one of the measures for preparedness against the Eastern camp. Immediately after World War II, U.S.-Soviet relations were not decidedly bad; therefore, the treaty leaned toward restraining Japan. However, with the intensification of the Cold War, there was a conversion of the occupation policies into making Japan an unsinkable carrier, a link in the USSR-PRC containment ring.

As to be expected, as the Cold War ends, the other former aspect gradually comes to the forefront. The situation is shifting toward restraining Japan. For that reason, I think a new cooperative arrangement must be considered for U.S.-Japan security. For example, in such fields as intelligence gathering centered on advanced Japanese technologies, by changing its stance somewhat from the hardware facet of the Cold War period, Japan can enter an original field in which the United States cannot operate as heretofore, as part of the new cooperative arrangement.

Use Intellect To Draw United States to Asia

One of the ingredients of the U.S. diplomatic makeup is a sort of fear about becoming too deeply involved in foreign policies. As was the case with the British Empire in the past, when the U.S. presence recedes like the ebb tide, an immense power vacuum will be created in Asia. For international order, this would rapidly become a destabilizing factor. It is essential to set up arrangements now whereby the United States would commit itself aggressively in various ways to East Asia.

In the past, Churchill won Roosevelt's cooperation while suffering agonizing moments and overcame the pressure of the U.S. Congress which traditinally held strong isolationist tendencies. Then, he brought the United States into the war to overthrow Naziism. There are differences between peacetime and war but I think that such bold new conceptual power is needed now.

For that reason, flexible leadership to guide both the Japanese Government and the people is required now. Strategic leadership, in the true sense of the word, is needed to manage the U.S.-Japan alliance prudently so as to retain the United States in Asia. Keeping the United States in Asia ultimately enhances Japanese national interests. How can the United States be made to participate in Asian operations in ways that would serve Japanese national interests? We must really rack our brains at this time. I believe it can be said that now is the time for us to concentrate our intellectual powers.

Future of U.S.-Japan Security Examined

942A0671A Tokyo SECURITARIAN in Japanese 1 Jul 94 pp 16-19

[Article by Satoshi Morimoto, chief researcher, policy research center, Nomura Research Institute, and former MOFA bureaucrat: "The Future of Japan- U.S. Security"]

[FBIS Translated Text] **Has "Security Treaty" Become Obsolete Term?**

Without a doubt, "the security treaty" has come to symbolize postwar Japan-U.S. relations. However, the meaning of the term "security treaty" with its special resonance is becoming a thing of the past.

Several years ago in the magazine PIA there was a quiz asking, "What is the 1960 security treaty? Choose one of the following." Seeing "a sweet snack item 'kiri-tanpo' popular in 1960" as one of the responses, I had a good laugh over it. When my college student son asked, "What's so funny?" I explained it to him; but he said, "I don't get what's so funny." I never felt the generation gap more keenly than then.

I think it was in the spring of 1979 that Security Treaty Division Chief Tanba (now the Foreign Ministry's Treaties Bureau chief) declared in a training lecture for new Defense Agency employees, "I who was once holed up in [Tokyo University's] Yasuda Hall shouting opposition to the Security Treaty am now the Foreign Ministry [MOFA] Security Treaty Division chief.... Though I don't mean to justify it, the struggle against the Security Treaty was the nationalism of the Japanese."

Not long ago, placing a call to Hosokawa, chief of Security Export Control Division of the Ministry of International Trade and Industry [MITI], I was surprised to hear a woman staff member answer, "Hello, this is the Security Treaty Division."

Even in MITI they have set up a "Security Treaty Division." Speaking of a "Security Treaty Division," for someone who had firmly believed it meant only the MOFA North American Bureau's Security Treaty Division (now the Japan-U.S. Security Treaty Division), it is now an era where he cannot keep up.

Japan-U.S. Security Treaty as Task of Practical Business World

Now, at the foundation undergirding the Japan-U.S. Security Treaty, there lies a vast world of practical business.

Heretofore, many scholars, intellectuals, and journalists have stated their positions on the Japan-U.S. Security Treaty.

Yet, most were using the Japan-U.S. Security Treaty to argue about Japan-U.S. relations or the way Japan should be and were not discussing the Japan-U.S. Security Treaty itself.

Unless one plows through the work-a-day realities, discussion of the Japan-U.S. Security Treaty becomes something close to vain speculation and theory. So, it is not a field one can challenge lightly.

Those who have been dealing with the practicalities of this Japan-U.S. Security Treaty in the Defense Agency are the people of the Defense Facilities Administration Agency, while those handling it in the MOFA are those called "the Security Treaty zoku."

Hence, even in the MOFA, other ministry staff members have become discreet about lightly discussing the way the Japan-U.S. Security Treaty should be. In fact, it has not been a field of work that one could lightly discuss without getting into the practical substance.

Of late, such a tendency has been disappearing little by little. This may be said not only of "the security treaty" but also about policies toward Russia and China as well.

The changes of the times are penetrating even the sacred precincts of government.

Treaty Operations Change According to National Power

The substance of this Japan-U.S. Security Treaty has changed considerably according to the power relationships of both Japan and the United States.

The fact that we have a Japanese term for the hard-to-render English term "considerate budgets" is one circumstance indicating such a change.

For example, around the time I was working in the Security Treaty Division for division chiefs Sato (now ambassador to the Netherlands) and Tanba, a U.S. soldier stationed on Okinawa struck a Japanese with his vehicle. This U.S. soldier was attending Ryukyu University's night school and caused the accident on his way back from the university.

Under the Japan-U.S. Status-of-Forces Agreement, in such circumstances if U.S. military authorities find that the actions of the U.S. soldier occurred in the pursuit of his official duties and so advise the Japanese side, the primary right of trial resides with the U.S. side. In this case, the U.S. side found this U.S. soldier's attending school to be official and advised that it was official duty.

At this point, the Japanese side said to quit kidding (Of course it did not use those words.), tossed aside the advisory of official duty and had the Japanese side try him. I seem to recall that the Japanese representative on the Japan-U.S. trial jurisdictional subcommittee at the time was Mr. Isamu Hotta from the Justice Ministry.

In any case, up until this time there had been accidents and crimes totalling well over 1,000 since the Japan-U.S. Security Treaty was created, and most had seen the U.S. side seizing the right of trial. Moreover, the U.S. side had not acted on its trial right in most cases.

The Japanese side had been compelled to let the cases drop. That was being tossed aside because the power relationships between Japan and the United States had changed. Truly, such operations of the treaty change with the mutual relations between the two nations. And, that becomes the most vital element for considering "the security treaty for here on."

Military Aspects of "Security Treaty"

What we call the Japan-U.S. Security Treaty in fact has many faces. Here these may be divided into two.

One is the so-called "containment of the Soviet Union" of the Cold War era—which the "security treaty zoku" calls "the Article 5 situation."

In brief, by Japan and the United States jointly containing the former USSR's military power in the Far East, they contribute to the West's deterrent power and in turn this has the role of deterring the former USSR's aggression against Japan. In constituting a part of the deterrent function under this Japan-U.S. Security Treaty, Japan's defensive power ultimately was to meet Japan's defense needs. And, this succeeded.

Plainly speaking, this role has declined sharply in the Cold War's aftermath. So, the "Article 5" situation—i.e., a state of "armed attack against Japan" covered in Article 5 of the Japan-U.S. Security Treaty—also is no longer very critical.

However, that does not mean the Japan-U.S. Security Treaty is no longer useful in a situation of Russian instability in this region. It is clear that the Japan-U.S. Security Treaty has a certain role to play vis a vis latent Russian instability—however that may be expressed. Yet, be that as it may, we may have to recognize that we now cannot explain the Japan-U.S. Security Treaty from this aspect.

There is another thing. That is what "the Security Treaty zoku" calls "the Article 6 Situation." I.e., Article 5 provides that in case Japan is subjected to armed attack, Japan and the United States would take measures to deal with it according to the provisions of their respective constitutions and procedures. Hence, since Japan would act by invoking its individual right of self defense and the United States would act by invokng its individual right of self defense and collective right of self defense, the result is that the U.S. side assumes a responsibility to defend Japan unilaterally, but Japan bears no responsibility to depart its shores to defend the United States.

In short, here is where the "one-sidedness" of the U.S. defense responsibility emerges.

To make up for this "one-sidedness" under Article 6 of the Japan-U.S. Security Treaty, the United States is enabled to use Japanese facilities and areas" to contribute to maintaining international peace and security in the Far East."

That is, the security treaty has the complementary structures of Article 5's "one-sidedness" and Article 6's "use of facilities and areas."

It is well known that at the height of the Vietnam war, the National Diet held debates on what is meant by "the scope of the Far East" as stated in this Article 6.

It is so-called "Article 6 situations" that hypothesized times when conflict would arise in the "Far East" other than Japan.

It became a bit sticky, but the upshot was that a second aspect of the Japan-U.S. Security Treaty became that, for the sake not just of Japan's defense but also for peace and security in "the Far East" other than Japan, the United States not only made use of this Japan-U.S. Security Treaty and used Japanese facilities and areas but also, under the Status-of-Forces Agreement concluded on the basis of "Article 6," received all sorts of benefits from Japan.

In summary, one might say that this "Article 6" became the cost the Japanese side paid to the United States for having Japan defended by the United States under "Article 5."

This second aspect of the Japan-U.S. Security Treaty has actually played a valuable role in the U.S. policy in Asia and the Pacific.

We cannot but be amazed at the wisdom of our predecessors who built this framework of the Japan-U.S. Security Treaty.

For the United States this "Article 6" enabled it to use facilities and areas (the Security Treaty zoku does not call them "bases") more cheaply than anywhere else in the world. That has not changed even now. Indeed, one may say that in the post-Cold War the significance of "Article 6" is becoming even greater than that of "Article 5."

Already, under the Japan-U.S. Status-of-Forces Agreement drawn up under "Article 6," Japan is bearing the expenses, and by fiscal year 1995, we will be paying 100 percent of the wages of Japanese working for the U.S. Forces in Japan as well as the cost of the U.S. Forces' light, heat, and water. Settling the expenses Japan must pay under the Japan-U.S. Status-of-Forces Agreement has already gone beyond anything like a "special agreement." It has already reached the point where there is no way we can pay under the present Status-of-Forces Agreement.

"Security Treaty's" Political and Economic Aspects

The military aspect is not only the Japan-U.S. Security Treaty. Rather, it has much more important aspect—it plays a role as the symbol of the Japan-U.S. alliance. Since the Cold War era, it has been said that "Divorce between Japan and the United States is politically inconceivable, economically unrealistic, and militarily impossible."

Indeed, the Japan-U.S. Security Treaty has been the "bond" protecting the Japan-U.S. alliance. And, both Japan and the United States have profited from that.

The United States has benefited so far by having Japan on its side as an allied nation. Except for a few rare cases, during the 35 years of the Cold War era, Japan did not vote differently from the United States on UN resolutions. The United States may have had no ally "giving so little offense" as Japan. The gains the United States thus received are immeasurable.

On the other hand, Japan for its part also "received protection" from a strong allied nation, the United States, continued its economic development and became a prosperous nation. It was also thanks to the Japan-U.S. Security Treaty that Japan's defense costs could be moderated to some extent.

It was because of the Japan-U.S. alliance that Japan could build relations with the former Soviet Union, China, and other Asian nations that so far have been good, despite occasional tensions.

It is an undeniable fact that Japan's being within the Japan-U.S. Security Treaty framework is a great source of reassurance for Asian nations. It would be well for us Japanese not to lightly regard this aspect.

Two nations whose GNP together is 40 percent of the world's total have come through the Cold War era as allies. And, what has formed the foundation for that is the Japan-U.S. Security Treaty.

"Security Treaty's" Context Changed After Cold War

The context encompassing the Japan-U.S. Security Treaty changed greatly since the Cold War.

Main reason is the collapse of the former Soviet Union. As a result of that, the containment strategy came to an end. People who keep an eye on the military role that the Japan-U.S. Security Treaty has in this field say that the Japan-U.S. Security Treaty is no longer necessary.

This is an extremely short-circuited view. Can one ignore the military power Russia has in the Far East? Of course, "containment" is not needed. But is not the Japan-U.S. Security Treaty the only thing by which it can be "confined" (Is that the same thing)?

Yet, the second aspect, the Japan-U.S. Security Treaty's role in the regional stabilization of Asia and the Pacific has rather grown larger.

Because the United States has adopted a strategy placing emphasis on regional conflicts, calling it a regional defense strategy, the role played in this field by the Japan-U.S. Security Treaty is tending to grow.

Even viewed from its political and economic aspects, the alliance relationship making the Japan-U.S. Security Treaty its foundation has come to hold great significance in the post-Cold War era. The problem may be in not being able to explain satisfactorily to the public the rationale for the Japan-U.S. Security Treaty after the Cold War.

The second change is the changes domestically in both Japan and the United States.

The United States clearly has become inward looking. Moreover, however much the United States may repeat its statements on its commitments and presence in Asia and the Pacific, the deterrent function sustaining those clearly may decrease hereafter. If defense funds are steadily cut back, this will be even more true. The interest of the U.S. public in this region unmistakably will lessen little by little.

On the other hand, the view within Japan is also strong that, with the Cold War over, we should make arms reductions. These days there is resistance among some of the public to bolstering the Japan-U.S. Security Treaty or our defensive power.

Now, viewing these in the overall, the biggest thing for both Japan and the United States is how they see the gains to be made and the costs to be paid from sustaining the Japan-U.S. Security Treaty. In the United States since the Cold War era, the argument on Japan's free ride on the "Security Treaty" was deep rooted. With the Cold War over, the view of the U.S. public has been shifting more and more toward thinking that the benefits gained from the Japan-U.S. Security Treaty do not balance out.

This is very frightening.

Whatever costs Japan may bear under the Japan-U.S. Security Treaty, the United States will never be satisfied. It is even possible that in some cases people will be saying they do not need the Japan-U.S. Security Treaty.

That is, the Japan-U.S. Security Treaty now stands in peril, and the question may be how we can preserve it.

The United States Government of late has been pressing Japan over economics. If even larger waves pound the face of the security treaty, can Japan withstand them?

When Japan and the United States are battling on the economic front, those who handle the business of the Japan-U.S. Security Treaty are expected to be ready to play their hand quickly when the time comes.

Future of Japan-U.S. Security Treaty

Now, to repeat, the Japan-U.S. Security Treaty is playing a role as indispensable to Asia-Pacific stability as ever. Even Asian nations, other than some such as China, are quite of a mind about the fact that the U.S. presence plays a major role in the region's stability.

The issue becomes how this can continue to be sustained.

First of all, there is a need for Japan to make the benefits received and costs paid by both nations under the Japan-U.S. Security Treaty reach a balance in the view of both nations.

To that end, there may be a need for Japan to take on a part of the deterrent function on which the United States will be falling short henceforth. Or instead, it might be good for allied and friendly nations in this region to come together to advance so-called "cooperative security guarantees" that will supplement the U.S. presence.

japan may need, for example, to provide such cooperation as transportation and rear area support for the United States guarding the major shipping lanes. To go even further, it may be that the time has come to study broadening somewhat the scope of our cost-sharing for the U.S. Forces in Japan and taking on costs of the U.S. forces active in this region.

Still, there would be the problem of how to explain domestically in Japan such new costs of the Japan-U.S. Security Treaty.

In any case, dissatisfactions will only build up on the U.S. side with things as they are now. This is undesirable for the future of Japan-U.S. relations.

Another thing to be considered is the aspect of how the Japan-U.S. Security Treaty contributes to the stability of global society as a whole and to the stability of the Asia-Pacific region, rather than just to that of Japan and the United States. Security since the Cold War is both pluralistic and multitiered.

If the Japan-U.S. Security Treaty can also play a somewhat more vital role in such peace activities of international society as a whole, including the United Nations, as well as in Asia-Pacific regional stability, that truly would make the significance of the Japan-U.S. Security Treaty applicable to post-Cold War global society.

In any event, the Japan-U.S. Security Treaty needs to be redefined for the post-Cold War. And, we need to continue to adhere henceforth to a Japan-U.S. relationship centered on the Japan-U.S. Security Treaty for the sake of Japan's peace and prosperity.

Sometimes people argue that just because we have a Japan-U.S. Security Treaty does not mean the United States will come to help Japan, but no argument could be more politically naive.

If it were enough just to have a treaty and cling to it, no one would take any pains. From the day the Japan-U.S. Security Treaty was concluded we could sleep well.

We must reflect on why our predecessors have taken such pains over these 35 years. Because of their hard work, we have peace today, and under the articles of this same Japan-U.S. Security Treaty, its substance has changed so much.

It is the responsibility of those dealing with the Japan-U.S. Security Treaty truly to make Japan-U.S. ties such that the U.S. public—not just the president, but also the Congress, the mass media, and citizens in general—feel that defending Japan is in the U.S. interest and the interest of the world.

Without that there will be no "future of the security treaty."

Murayama Responds to PRC Warning on Taiwan

OW2010105494 Tokyo KYODO in English 0941 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—A senior official of China's Communist Party warned Japan on Thursday [20 October] of a possible setback for Sino-Japanese ties if Tokyo fails to deal squarely with the issue of Taiwan, which China says is a renegade province, Japanese officials said.

Li Shuzheng, head of the Chinese Communist Party's International Liaison Department, told Prime Minister Tomiichi Murayama, "Japan should cope rightly with the issue on Taiwan."

"Otherwise, bilateral relations between China and Japan will be affected," Foreign Ministry officials quoted her as saying.

Li spoke of the need for Japan to adhere to the 1972 Sino-Japanese joint statement and the 1978 Peace and Friendship Treaty, the officials said.

Japan and China established diplomatic links under the joint statement. In both the statement and the treaty, Japan accepted China's argument that Beijing is the sole legitimate government of China and that Taiwan is part of China.

Murayama reportedly responded that Japan's position of limiting its contacts with Taiwan to nongovernmental fields remains intact.

The Chinese official's comment came at a time when some high-ranking Taiwan officials are visiting Japan, albeit not for political purposes.

Earlier this month, Taiwan's Deputy Prime Minister Hsu Li-te visited Japan to attend the opening ceremony of the Hiroshima Asian Games, triggering a storm of protests from China.

Taiwan's Economic Minister Chiang Ping-kun is scheduled to attend an economic ministers meeting in Osaka this weekend. He will meet Japan's International Trade and Industry Minister Ryutaro Hashimoto there on Saturday.

It will mark the first formal ministerial meeting between Japan and Taiwan in 22 years. Japan and Taiwan have held no minister-level meetings since Tokyo switched its diplomatic ties from Taipei to Beijing in 1972.

While Li lauded the Murayama administration's pacifist policy stance, the premier reiterated that Japan will never again be a military power, the officials said.

Li is visiting Japan at the invitation of Murayama's Social Democratic Party, a major component of the tripartite coalition government.

PRC List of Fourth Yen Loan Projects Reported

OW2010045794 Tokyo ASAHI SHIMBUN in Japanese 20 Oct 94 Morning Edition p 1

[FBIS Translated Text] On 25 October, a government survey team will visit the PRC to discuss the fourth yen loan to China starting in 1996 with the PRC government. According to a list of the Chinese side's requests obtained by ASAHI SHIMBUN, the fourth yen loan will cover a total of 69 projects in the five years up to 2000, with a total cost of 1.5 trillion yen, which will be nearly two times the scale of the third yen loan (800 billion yen in six years from 1990).

It is believed that the two countries will finally settle on an amount of around 1 trillion yen. However, China's adamant implementation of nuclear tests, and actions violating the principles of Japan's Official Development Assistance (ODA) guidelines, which Japan regards as a basic tenet of its peace diplomacy, poses the danger of rendering this ODA guideline meaningless.

The biggest projects in the Chinese list consist of a project to move water from southern to northern China, and a bullet train line connecting Beijing and Shanghai, each requiring funding of 110 billion yen. The former is an enormous water utilization project to dig a giant tunnel under Huang He to bring water from the Chang Jiang to northern China. It is said to be the greatest undertaking since the work done by Emperor Yang of the Sui Dynasty [Sixth to Seventh Century, A.D.] On the other hand, the bullet train line will also be a giant railway running up to 1,500 km.

In addition, there are quite a number of other major projects, such as a highway connecting Guiyang [Guizhou Province] and Nanning [Kwangxi Province] (55 billion yen); subways for Beijing (20 billion yen) and Shanghai (22 billion yen); and the expansion of the Beijing Airport (11 billion yen).

The government is working to conclude its negotiations with China before the end of 1994, and to announce the aid plan officially when Prime Minister Tomiichi Murayama visits the PRC at an early date in 1995. It wants to reduce the total amount of loans to be offered in consideration of the balance with other aid donors. The final size of the aid is expected to be "around 1 trillion yen" in five years. The Japanese Government also wants to reach an agreement with China for only three years initially, pledging assistance of 600 to 700 billion yen.

The ODA guidelines formulated by the Miyazawa cabinet in June 1992 laid down "four principles" for foreign aid, including a provision that Japan should pay meticulous attention to trends in military spending, mass destruction weapons and arms exports.

In this connection, China has recently been reinforcing its military capability, particularly its navy, amid the worldwide trend of disarmament, and has also been selling arms to the developing nations. These conspicuous actions by the PRC are in violation of Japan's ODA guidelines.

Amid such recent developments, when China conducted a nuclear test last June, Kunihiko Saito, administrative vice minister of foreign affairs, expressed Japan's displeasure to PRC Ambassador Xu Dunxin, warning him that this might affect economic cooperation in the future. In spite of this, China conducted another nuclear test on 7 October, and Japanese officials are complaining that "Japan's warning is being ignored."

The Foreign Ministry offers the following explanation for continuing aid even under such circumstances: "Stability in our relations with China is indispensable for the security of Japan and Asia." It is concerned that reduction of aid may toughen China's attitude and aggravate Japan-China relations, making it resort to retaliatory measures that may be detrimental to the interests of Japanese companies.

List of Proposed Major Projects for the 4th Yen Loan to China

(figures represent cost in billion yen)

Agriculture and Water Work	
Heilongjiang agricultural development	23
Xinjiang agricultural development	12
Zipingpu, Sichuan Province irrigation	16
Water transfer from south to north, Danjiangkou to Beijing	110
Roads	
Lianyungang to Xuzhou	27.5
Kaifeng to Shangqiu	26
Hangzhou to Xuzhou	26
Guiyang to Nanning	55
Harbin to Heihe	12
Haikou to Sanya	7.5
Hefei to Xuzhou	16.5
Airports	
Capital Airport	11
Shanghai Pudong Airport	18
Hangzhou Airport	17
Ports	
Huanghua Port	12
Qingdao Port	11
Zhuhai Port	8
Communications	
Lanzhou to Lhasa	7
Nanning to Beihai to Zhanjiang	6.2
Telephone switchboards for the six northwestern provinces	10.5
Subways	
North-south line in Beijing	20
No. 2 line in Shanghai	22
Qingdao	16.5
Chengdu	16.5
Electric Power	
Yunnan Xiaowan Hydraulic Power Plant	90
Guizhou Sanban Hydraulic Power Plant	25
Heilongjiang Power Station	31
Qinghai Gongboxia Hydraulic Power Plant	30
Nei Monggol Daqi Thermal Power Plant	50
Shaanxi Hancheng Thermal Power Plant	48
Shanxi Yangcheng Thermal Power Plant	48
Railroads	
High-speed line from Beijing to Shanghai	110
Electrification of Xian to Ankang line	39
Electrification of Shuoxian to Huanghua line	55
Electrification of Guiyang to Loudi line	30
Wuhu Chang Jiang Railway Bridge	16.5
Chemical Fertilizers	
Jilin Chemical Fertilizer Plant	23

Tokyo To Send Mission to Beijing

OW2010122594 Tokyo KYODO in English 1107 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Japan will send a mission to Beijing next Tuesday [25 October] to discuss a package of yen loans to China, a Foreign Ministry official said Thursday.

The mission, comprising officials of the foreign, trade and finance and other ministries, will exchange views with the Chinese side on a Beijing-Shanghai bullet train and 68 other projects, for which China wants 1.5 trillion yen in low-interest loans. It would be the fourth such loan package extended to China.

The official said the mission has no plan to discuss the amount of the loan package, but it will discuss the content of individual projects. The mission will return home on Oct. 29.

Tokyo Gas To Open Joint Venture in China

OW1910134794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Oct 94 Morning Edition p 13

[By Kenji Yuasa]

[FBIS Translated Text] Beijing, 17 Oct—Tokyo Gas Co., Ltd. will cooperate in expanding projects using natural gas in China. It will not only provide technical assistance in expanding output of a natural gas well in the Sichuan Province, but also produce a bath heating system for a housing compound. Since about 80 percent of China's energy resources come from coal, air pollution has become a serious problem. While helping China change its energy resources to natural gas, Tokyo Gas plans to seek business opportunities there.

Although there are five wells in Sichuan Province, Tokyo Gas will extend technical assistance one in the east area of the province. This deposit is estimated to have the largest reserve among the five. Tokyo Gas is also proceeding with negotiations on the possible introduction of its own system of monitoring the volume of gas supplied through pipelines to urban areas.

There are five natural gas wells in Sichuan Province, and their annual output is approximately 7 billion cubic meters in total, 45 percent of the total output of China. It is estimated that the proven annual reserve is 14 billion cubic meters. However, at present, it is difficult to increase natural gas output because of the low technological level in such areas as production equipment and the transportation system.

To increase output to 10 billion cubic meters by the year 2000, China is beginning to move on the expansion and development of gas wells by using loans from the World Bank. Loans will also be applied to the supply system planned by Tokyo Gas.

Through its affiliated firm, Tokyo Gas also plans to popularize a bath heating system using gas. A plan is afoot by Gaster Corp., a bath apparatus manufacturer (located in Yamato city, Kanagawa Prefecture, with Kunio Yada as its president), to produce bath apparatus under a joint venture project with Qinghua University (in Beijing). According to the plan, Qinghua University takes charge of designing apparatus fitting Chinese housing compounds while Gaster provides gas combustion parts and metal molds for bath heaters and assembles them in Beijing. Tokyo Gas says a feasibility study has been under way for a while, and a conclusion on details of the project will be announced soon.

Tokyo Gas has recently set up an office in Beijing city. This is the sixth overseas office. Tokyo Gas is the first Japanese gas company setting up an office in China. With the Beijing office as center for business in China, Tokyo Gas plans to seek business chances in China. Although the Beijing office has the only one Japanese employee at present, Tokyo Gas plans to increase Japanese staff members in the office from the next year.

Malaysian Premier Arrives, Talks to Murayama

OW2010140794 Tokyo KYODO in English 1215 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Prime Minister Tomiichi Murayama on Thursday [20 October] stressed the need for Japan and Malaysia to beef up their cooperative relations, Foreign Ministry officials said.

The premier made the remark in a telephone conversation with his Malaysian counterpart, Mahathir Mohamed, who arrived in Japan earlier in the day for a six-day stay.

Murayama also expressed the hope that Tokyo can closely cooperate with the six members of the Association of Southeast Asian Nations, including Malaysia, in bringing to a success key meetings of the Asia-Pacific Economic Cooperation forum scheduled for November in Indonesia, the officials said. Mahathir reportedly told Murayama that the two countries should continue dialogue between their leaders.

The Malaysian premier is visiting Japan privately. He is to attend a conference aimed at promoting exchanges between the Kyushu region in southwestern Japan and Asian countries, which will be held in Murayama's political home base of Oita Prefecture on Friday.

Ministry Considering Budgetary Steps for Farmers

OW1910112994 Tokyo KYODO in English 1110 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Finance Minister Masayoshi Takemura said Wednesday [19 October] his ministry will coordinate with the Agriculture Ministry a budgetary scale for the government's six-year emergency farming plan ahead of the tariffication of rice imports under a global trade pact.

Takemura said at a press conference, "it is about time to discuss" a specific budgetary amount to support farmers who will be affected by the Uruguay Round global trade accord.

Japan agreed to replace its total ban on imported rice with tariffs and a six-year grace period, during which it will accept a minimum access of rice imports. The agreement was reached last December in world trade negotiations held under the General Agreement on Tariffs and Trade (GATT).

Agriculture, Forestry and Fisheries Minister Taichiro Okawara visited Takemura Wednesday evening and stressed the importance of the measures to cope with the Uruguay Round agreement, the finance minister said.

"While keeping in mind increasingly serious fiscal conditions, I want to carefully deal with such measures in compiling a budget after scrutinizing their contents," Takemura said.

He said the two ministries will work to draw up forward-looking farming policies, including the size of necessary budgetary outlays if possible, by Friday—the deadline set by the Agriculture Ministry.

Takemura said, however, there are still gaps between him and okawara on recognition of the necessity of each measure under consideration. He added that Wednesday's meeting was their first time to exchange opinions.

Tokyo May Spend 6 Trillion Yen on Farm Program

OW1910134094 Tokyo KYODO in English 1301 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—The finance and agriculture ministries have agreed to earmark about 6 trillion yen over the next six years to bolster agriculture and deal with rice imports starting next April under the Uruguay Round trade agreement, government sources said Wednesday [19 October]. The sources, however, said the Finance Ministry is opposed to a demand by the Ministry of Agriculture, Forestry and Fisheries that the government shoulder stipulate budgetary appropriations for half the annual amount of 1 trillion yen over the six years.

The Agriculture Ministry's demand is backed by the three-party ruling coalition, the sources said. They said the government and the ruling parties reached a broad accord on the amount of expenditure to be incorporated in the government's emergency agriculture program to deal with rice import liberalization.

Both sides have begun to put the final touches to the program, to be worked out by the government on Friday, the sources said.

Finance Minister Masayoshi Takemura and Agriculture Minister Taichiro Okawara held their first negotiations on the issue on Wednesday.

The ruling parties argue that ratification of the Uruguay Round agreement by the Diet will be impossible without laying down the amount of government expenditure on the agricultural program, the sources said.

In view of the Finance Ministry's tough stance, the amount of government spending may be changed before the program is finalized, the sources said.

The outline of the program, unveiled by a government panel headed by Prime Minister Tomiichi Murayama on Oct. 4, calls for trebling new recruits for agriculture and government subsidies to farming households to promote land reforms.

The program also aims to strengthen the infrastructure of rural areas through consolidation of road and telecommunications networks.

Farming households may be eligible for low-interest loans with an annual interest rate of less than 3.5 percent to help them liquidate their debts.

Farmers will also be provided with low-interest loans to convert their land for new products.

Government Gives 1.1 Billion Yen in Aid to Kenya

OW1910131194 Tokyo KYODO in English 1206 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Japan will give Kenya up to 1.1 billion yen in grant-in-aid to help it increase food production, the Foreign Ministry said Wednesday [19 October].

Kenyan Finance Minister Musalia Mudavadi and Japanese Ambassador to Kenya Ginko Sato exchanged documents on the aid in Nairobi earlier in the day, the ministry said. The aid will be used to purchase fertilizers, agricultural chemicals and equipment. Food production in Kenya has dropped since 1991 because the amount of rain has decreased, the ministry said.

Takemura, Mieno on Yen's Recent Appreciation

OW2010074094 Tokyo KYODO in English 0712 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Finance Minister Masayoshi Takemura said Thursday [20 October] he is carefully watching the yen's recent appreciation against the dollar and is ready to act in concert with major industrial nations to stabilize the currency market.

Takemura made the comments in a speech at an annual meeting of the Regional Banks Association of Japan. Commenting on the yen's upturns these days, Takemura said, "we will make an effort to stabilize foreign exchange rates in much closer cooperation with other G-7 (Group of Seven) nations."

Takemura said, however, there is a limit for monetary authorities to move foreign exchange rates in the currency markets with huge transactions. He reiterated that it is commonly recognized among the G-7 industrialized countries that foreign exchange rates should reflect economic fundamentals and that rapid fluctuations are undesirable. G-7 members are the United States, Japan, Britain, France, Germany, Italy and Canada.

Meanwhile, Bank of Japan Governor Yasushi Mieno was rather optimistic about the expected adverse effects of the yen's rise.

"Increasing overseas demand has so far offset weakening competitiveness (of Japan's exports) due to a stronger yen," Mieno said at the association's 45th annual gathering.

Mieno said Japan's economy is slowly recovering and corporate confidence has clearly improved.

As for the economic outlook, however, Mieno cited the need to keep a close watch on such uncertain factors as developments in consumption after the hot summer, sluggish capital spending and foreign exchange rates.

The central bank will continue carefully watching economic and financial situations by closely monitoring the sustainability and pace of economic recovery, Mieno said.

Murayama Vows To Submit Decentralization Bill

OW2010043594 Tokyo KYODO in English 0406 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Prime Minister Tomiichi Murayama on Thursday [20 October] expressed his resolve to present a bill on the decentralization of authority to the next ordinary Diet session opening in January.

Murayama's commitment came in response to a report handed to him by business leaders, including those of the Federation of Economic Organizations (Keidanren), Keidanren officials said.

The report urged the government to draw up guidelines by the end of the year for giving more power to local autonomous bodies and to set up a third-party body to oversee the decentralization process.

It also suggested that the central government's role be limited to making and adopting policies concerning the very foundation of the country and that an "unwavering decision be made to bring about results within a period of about five years," the officials said.

In response, Murayama reportedly said he is in "complete agreement" with the report.

Noting that decentralization requires administrative reform in the central and local governments, he said, "Putting it into action will be more difficult than talking about it. Public support will therefore be vital."

Opposition Drafts New Economic Reform Proposal

OW1910135594 Tokyo KYODO in English 1340 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—A task force of the planned new party of opposition forces compiled a proposal Wednesday [19 October] to overhaul Japan's economic structure, including the tax system, officials said.

The proposal was approved by the action committee of the New Party Preparatory Conference, a panel of the parliamentary group Kaikaku (Renovation), which brings together 187 legislators in the 511-member House of Representatives.

Although the interim report on the proposal does not specify an ideal new consumption tax rate, it stressed the importance of such a tax to establish a new welfare system and improve infrastructure needed to deal with an aged society.

A senior official of the opposition forces suggested, however, that the planned new party is considering 7 percent as the new consumption tax rate.

The government of Prime Minister Tomiichi Murayama has proposed to the Diet a package of tax reform bills, including a scheme to hike the current 3 percent consumption tax to 5 percent in April 1997.

The interim report also calls for creating a "new industrial culture" and more jobs, forming a "symbiotic" international economic system, and the development of a diversified and balanced society through a qualitative change of Japanese land.

In the report, the opposition cmap also urges the government to double government investment on research and development to promote high-technology studies as well as take new tax incentives to spur private-sector research investment.

Furthermore, the proposal advocates an active role for Japan in establishing a new international trading system, and domestic deregulations in various industrial fields such as energy, construction, communications and finance.

SDP Legislators Criticize Kubo Proposal

OW1910142994 Tokyo KYODO in English 1407 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Social Democratic Party (SDP) lawmakers close to Prime Minister Tomiichi Murayama lambasted Party Secretary General Wataru Kubo on Wednesday [19 October] over his recent proposal to form a new party comprising "liberal" groups. They also excoriated an SDP right-wing group headed by former party chief Sadao Yamahana in a meeting to discuss their draft policy outlines.

Sekisuke Nakanishi, a House of Representatives member and head of a pro-Murayama group, said in an opening speech that Kubo's proposal is tantamount to the declaration of dissolving the party and added momentum to the recent weakening of solidarity.

The draft outlines say that movements led by Kubo and Yamahana will invite public criticism for "playing a game of politics."

"We should never allow what can be viewed as a plot for disbanding the party," the document says.

To stem such movements is the principal task for the group as the party's "mainstream," Nakanishi said.

The pro-Murayama group is seeking joint election campaigns with the current partners of the ruling coalition—the Liberal Democratic Party (LDP) and an LDP splinter group, new party Sakigake.

Kubo is tilting toward returning to an alliance with the opposition coalition led by Shinseito and Komeito, the

SDP's partners in the former ruling coalition under former leaders Morihiro Hosokawa and Tsutomu Hata.

The Murayama supporters said that the current LDP is not necessarily an old conservative bloc and that the Murayama administration is supported basically by liberals.

SDP Postpones Decision on Forming New Party

OW2010140394 Tokyo KYODO in English 0544 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) failed Thursday [20 October] to agree on a proposal to aim at forming a new "Democratic Liberal" party, SDP officials said.

The SDP central executive committee, the party's leadership body, decided to postpone a decision on the proposal, which was put forth by Wataru Kubo, the party secretary general. It hit many objections saying it is aimed at promoting the SDP's dissolution.

Kubo is scheduled to announce the proposal Saturday at a party meeting on election strategy.

The proposal says Japan's political world is currently dominated by three groups—the Liberal Democratic Party (LDP), an emerging new conservative group and the SDP.

The proposal says by founding a new party the SDP should "spread the wings" to social democrats and liberals within both the LDP and the new conservative group. The new group, led by former ruling Shinseito and Komeito parties, is scheduled to establish a new party in December.

It also says it is "extremely important" to cooperate in elections with opposition parties which share policies and ideals with the SDP so as to "build relations of trust" with them.

The proposal says cooperation with the opposition in elections is more important than with the SDP's coalition partners—the LDP and new party Sakigake.

A group within the SDP supporting Prime Minister Murayama, who is the party chairman, criticized Kubo and his followers as following a line to dissolve the SDP.

Murayama's followers called for the party to put the emphasis on cooperation with the LDP and Sakigake in elections, SDP officials said.

Banks, Research Arms Revise GDP Forecasts Upward

OW1910113094 Tokyo KYODO in English 1016 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Backed by personal consumption and exports, major banks and private research bodies revised upward their projections for growth in Japan's real gross domestic product (GDP) in fiscal 1994. But the banks and research bodies warn that a full recovery in the economy is being weighed down by sluggish investment in plant and equipment.

The Research Institute on the National Economy and Daiwa Institute of Research predicted that Japan's real GDP would grow by more than 1 percent. Six other concerns expect growth of less than 1 percent.

The institutions say personal consumption is expected to continue to be firm even after the effects of such temporary favorable factors as the unusually hot summer and income tax cuts disappear.

An official at Sumitomo Trust and Banking Co. said the rise in low-priced import goods is working to push up consumers' real purchasing power. But all the institutions said that capital spending in fiscal 1994 is likely to post a decline for the third consecutive year. According to Nikko Research Center, excess capital stock in all industries totaled 100 trillion yen or more.

As for the economy in fiscal 1995, the institutions have mixed views. While some concerns predict capital spending will recover, lifting the overall economy, Nomura Research Institute said it is uncertain if the economy will enter a full-scale recovery due to a possible worsening unemployment situation.

TSE To Relax Regulations on Listing of Stocks

OW1910131494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Oct 94 Morning Edition p 1

[FBIS Translated Text] The Tokyo Stock Exchange [TSE] is to relax regulations on the listing of stocks by foreign companies as early as November to prevent their exodus from the TSE and to deal with the hollowing out of Japanese markets, over which Asian firms are reluctant to list on the TSE. It will create favorable conditions for foreign businesses with high growth potential so they will list their stocks on the TSE. As one measure, it will reduce the amount of minimum net assets and pretax profits required for the listing by 10 percent to open its doors wider to foreign firms. Moreover, it will ask the Finance Ministry to accept a partial translation of foreign financial statements disclosed to Japanese investors, instead of a full translation, to reduce the expenses spent by foreign companies to remain listed. The TSE also plans to begin relaxing regulations for domestic companies from 1995 to attract more of them.

At present, a TSE guideline requires foreign companies to have "100 billion yen [Y] or more in net assets and earn Y20 billion or more in pretax profits" before they can list on the exchange. The TSE will abolish this guideline and revive a more lenient and formal rule that requires Y10 billion or more in net assets and Y2 billion or more in pretax profits. There is a possibility the TSE will relax this rule itself and demand Y1 billion or more in net assets and Y400 million or more in pretax profits, the same amount it requires from Japanese companies.

Moreover, it plans to shorten the required length of operation in Japan to "about three years" from the current "five years or longer." A rule that "foreign firms who hope to list their stocks on the TSE have to be listed companies in their own countries" will also be abolished. It is also highly likely the TSE will abolish a rule which asks privatized companies to wait a year or more after privatization for the listing.

The TSE worked out these deregulation measures with the hope of newly established companies in Asia listing on the exchange. Asian firms are usually small but have high growth and earning potential. In particular, Chinese companies have a strong desire to raise funds. However, there are signs of the reluctance of Asian firms to list their stocks on the TSE because of severe regulations: Huaneng Power Electric Company in Shandong, China listed on the New York Stock Exchange in August. The TSE hopes deregulation will attract foreign companies with high growth potential.

The TSE also plans to take measures to prevent the exodus of foreign businesses already listed. At present, foreign firms are required to provide Japanese investors with a full translation of their financial statements under a disclosure system. The TSE will ask the government to ease this regulation and accept a partial translation so that costs, which account for half of the expenses spent by the foreign firms to remain listed, will be reduced. Despite no great increase in the number of Japanese stockholders, the costs for foreign firms to stay on the TSE are as high as about Y20 million. This is the major cause of the withdrawal of foreign firms from the exchange. The TSE will urge the Finance Ministry to revise some "government ordinances on the disclosure of corporate financial statements."

Along with deregulation for foreign businesses, the TSE will promote a review of regulations on the listing of stocks by domestic companies. Regulations subject to the review will include a "minority-major stockholders' holding ratio" rule that restricts the holding of stocks by top ten stockholders to less than 80 percent, and a "rule on the listing by subsidiary companies" that regulates the ratio of profits by a subsidiary and those by its parent company.

Government Workers To Get Lowest Ever Raises

OW1910124594 Tokyo KYODO in English 0859 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—Wage hikes for local government employees for the current fiscal year will be the lowest on record for all but one prefecture, reflecting sluggish business conditions, according to local personnel committee recommendations compiled by KYODO NEWS SERVICE Wednesday [19 October].

In 42 prefectures, the recommended rates for wage increases are lower than or at the 1.18 percent that the national personnel authority has recommended for central government employees.

Personnel committees in only five prefectures, including Yamagata, Shiga and Kagawa, proposed a higher wage increase over the recommended 1.18 percent. Among the 12 special designated cities, a wage hike higher than 1.18 percent was recommended in 11 cities, but the rates were mostly lower than 1.25 percent.

The wage increase rates for local government employees for the year ending March 1995 in all prefectures and designated cities except for Kanagawa Prefecture will be the lowest since the current recommendation system was introduced in 1960.

The rates range from a high, 1.22 percent for Shiga Prefecture, to a low, 0.92 percent for Tokyo. But the actual amount of the hike is higher than that for central government employees in most prefectures because of the generally higher wage levels of local government employees.

The average monthly wages for employees of the Tokyo metropolitan government will be 418,000 yen, compared with 339,720 yen for central government employees. The wage increase will be implemented retroactive to April this year.

Association Ousts Company Over Drug Scandal

OW1910140394 Tokyo KYODO in English 1343 GMT 19 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 19 KYODO—The Japan Pharmaceutical Manufacturers Association said Wednesday [19 October] it has decided to expel Nippon Shoji Kaisha Ltd., an Osaka-based drugmaker and distributor involved in a drug scandal. The association said it notified the company in writing of its decision on Wednesday.

Nippon Shoji Kaisha was accused of failing to provide enough information concerning the results of clinical tests of the antivirus drug sorivudine, which resulted in the deaths of about 15 patients in the summer of 1993.

Eisai Co., a major pharmaceutical maker, which marketed the drug in a tie-up with Nippon Shoji, was warned to take measures to prevent a recurrence of such a case, association officials said. The officials said the expulsion of Nippon Shoji Kaisha was based on a recommendation by the association's ethics commission in September.

The government's Securities and Exchange Surveillance Commission filed insider trading charges against 27 officials of Nippon Shoji and five other people last week for involvement in sell-offs of company shares. They were charged with dumping their holdings of Nippon Shoji shares between Sept. 20, 1993, when the first drug-caused death case became known, and Oct. 12, when the Health and Welfare Ministry and the company made public the side effects.

Drug Responsible for Deaths

OW2010140894 Tokyo KYODO in English 1131 GMT 20 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 20 KYODO—The Health and Welfare Ministry on Thursday [20 October] warned of possibly fatal side-effects of a new cancer medicine which has already caused 31 deaths during clinical tests and since it was put on the market in April.

The drug irinotecan hydrochloride, which caused 20 patients to die from side-effects during clinical tests, has also been connected with 11 more deaths since sales started in April, the makers of the medicine reported to the ministry on Thursday.

Of the 11 cancer patients who died after taking the drug, four are quite likely to have been caused by its side-effects, the ministry said.

The Health Ministry, shocked by the report of new deaths despite repeated warnings of its possible fatal side-effects, called on doctors to observe strictly the instructions for using the drug.

It is quite rare for so many victims of a medicine's side-effects to be reported in such a short period of time, although anticancer medicines are generally known for their strong side-effects.

The ministry renewed its warning Thursday of possible further deaths from the administration of the drug, which was jointly developed by Yakult Honsha Co. and Daiichi Pharmaceutical Co. to treat cancers of the lung, uterus and ovaries.

Produced from the essence of a Chinese herb, the medicine, after approval by the Central Pharmaceutical Affairs Council in January, was put on the market in April under the brand names of topotecin by Daiichi Pharmaceutical and Campto by Yakult.

Clinical tests had confirmed that the drug could cause serious side-effects, such as a decline in the number of white blood corpuscles and harsh diarrhea.

Of 477 patients who received administration of the drug in the clinical tests, 20 died from side-effects.

Despite the warnings and prohibitions in usage spelled out in the instructions, 65 cases of side-effects have been reported out of 461 cases of administration since the start of sales, with 11 being fatal, according to the ministry.

Although all 11 fatal cases displayed side-effects, it was diagnosed that cancer was the direct cause of death for seven of them.

The remaining four patients—three men of 66, 65 and 52 and a woman of 71—are believed to have died directly from the side-effects of the medicine.

The ministry says the instructions are not being observed very well, pointing out that the drug was administered to patients with severe blood disorders or in combination with another anticancer drug.

NEC To Cooperate With Hughes on Satellite Bids

OW1910140894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Oct 94 Morning Edition p 12

[FBIS Translated Text] The partners of Japanese companies in the bidding for a multipurpose transportation satellite, which will be launched by the Ministry of Transport in 1999, have been disclosed. NEC Corporation will establish a joint group with the U.S. company, Hughes Space and Communications [HSC], to participate in the bidding; and Toshiba Corporation will join a group led by the U.S. company, Space Systems Loral (SSL) [name as published]. The two groups will take formal steps to join the bidding in the near future. The winner of the contract for the satellite, which is likely to cost 15 to 20 billion yen [Y], will be decided by this year end.

This multipurpose transportation satellite is capable of conducting air traffic control and weather observation duties. It will be launched in 1999 to replace the geostationary meteorological satellite-5 to be launched next year. This satellite is scheduled to be used for five years as a meteorological satellite, and for 10 years as an air traffic control satellite. As this will be an international competitive bidding, the price has not yet been decided. However, officials concerned think the price will be Y15 to Y20 billion.

NEC and HSC are now discussing which company will be the main contractor in their group. As for the SSL group, in addition to Toshiba, the U.S. company, International Telephone & Telegraph Corporation, and others will join this team whose main contractor is SSL. Mitsubishi Electric Corporation, which is one of the three major domestic satellite manufacturers, has decided not to join any group but to sell parts to those companies who win the contract.

Under the Japan-U.S. Satellite Procurement Treaty concluded in 1990, when the Japanese Government and its affiliated organizations plan to purchase artificial satellites, they are required to hold open competitive bidding in which Japanese and foreign participants are treated equally.

Hitachi To Invest in DRAM Chip Production

OW1910124794 Tokyo NIHON KEIZAI SHIMBUN in Japanese Morning Edition 19 Oct 94 p 11

[FBIS Translated Text] Hitachi, Ltd. will invest 45 billion yen in new production lines for 16-megabit (one megabit is one million bits) DRAM (dynamic random access memory) chips and the next generation 64-megabit DRAM at its Takasaki Plant (in Takasaki city, Gunma Prefecture). Some of these production lines will start operation in the second half of 1995.

Hitachi will disperse production of semiconductors among five of its relatively smaller plants in Takasaki, Kofu [Yamanashi Prefecture], and overseas to create a production structure capable of responding flexibly to fluctuations in demand. This clearly shows a change in Hitachi's previous strategy of building a big production base in one place in pursuit of economies of scale.

Hitachi's plan is to move the production of mask ROM (read only memory) from the Takasaki Plant to other plants, and install production facilities capable of microprocessing down to 0.5 microns (one micron is one-thousandth of a millimeter).

In the first phase, Hitachi will invest 25 billion yen to put up facilities capable of producing 1 million 16-megabit DRAM chips per month, which will go into operation next year. Additional equipment worth 20 billion yen will be subsequently installed to boost production to 3 million chips a month by 1998-1999, at which time part of the production facilities may also be devoted to the production of 64-megabit chips.

Hitachi began the production of 16-megabit chips at its Naka Plant (in Katsuta city, Ibaraki Prefecture) this autumn. With regard to the production of memory chips more advanced than the 16- megabit ones, it intends to develop Takasaki and Naka as its domestic production bases. Furthermore, Hitachi is increasing its investment in semiconductor production equipment by around 10 billion yen over the original allocation of 100 billion yen. By the time the Takasaki Plant goes into full operation, Hitachi will be able to produce 10 million 16-megabit chips per month.

North Korea

Foreign Ministry Communique on U.S.-North Accord

SK2010040194 Pyongyang Korean Central Broadcasting Network in Korean 0303 GMT 20 Oct 94

[Foreign Ministry spokesman communique issued in Pyongyang on 20 October]

[FBIS Translated Text] This is a communique [podo] in connection with the fact that a basic document of agreement [kibon hapuimun] has been issued between the DPRK and the United States of America [mihapjungguk].

Upon authorization, a DPRK Foreign Ministry spokesman issued the following communique on 20 October, in connection with the fact that a basic document of agreement will be adopted shortly at the Korea-U.S. talks in Geneva:

The DPRK Government delegation and the government delegation of the United States of America will sign a basic document of agreement for a wholesale solution [chonmyonjok haegyol] of the nuclear issue on the Korean peninsula in Geneva on 21 October.

The respected and beloved supreme commander Comrade Kim Chong-il, chairman of the DPRK National Defense Committee, has given a directive to the chief of our side's delegation to the Korea-U.S. talks to sign the basic document of agreement.

The basic document of agreement, which will be adopted at the talks, serves as an important document in which the two sides—Korea and the United States [chomi]—commit themselves to do what they need to do to solve the nuclear issue, including the replacement of our Republic's graphite-moderated reactor system with a light-water reactor system, the normalization of political and economic relations between Korea and the United States [chomi], the realization of denuclearization, the guarantee of peace and security [pyonghwawa anjonbojang] on the Korean peninsula, and the consolidation of the Nuclear Nonproliferation Treaty.

The basic document of agreement serves as a milestone for the solution of the nuclear issue on the Korean peninsula because it comprehensively stipulates the measures for actions [haengdong chochi] to be taken by the two sides.

This basic document of agreement fully and satisfactorily [chungbunhago manjokhage] reflects our consistent positions concerning the solution of the nuclear issue and the positive initiatives [palgi] that we have put forth.

If the basic document of agreement is implemented smoothly, it will largely contribute to removing the hostile relations [choktae kwangye] and to creating trust [silloe] between Korea and the United States [chomi]; and our so-called nuclear issue will ultimately disappear [chonggukjokuro opssojige toelgotssida].

KCNA Version of Communique Noted

SK2010043794 Pyongyang KCNA in English 0427 GMT 20 OcT 94

["Communique on Basic Agreement To Be Adopted Between DPRK and USA"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea, on authorization, released the following communique today concernig the basic agreement to be adopted soon at the talks between the Democratic People's Republic of Korea and the United States of America [USA] in Geneva:

The government delegations of the DPRK and the USA will sign the basic agreement for a full solution to the nuclear issue of the Korean peninsula in Geneva on October 21.

The respected Supreme Commander Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea, instructed the head of the DPRK delegation to the DPRK- U.S. talks to sign the basic agreement.

The basic agreement to be adopted at the talks is an important document whereby the DPRK and the United States commit themselves to what they should do for a solution to the nuclear issue, such as the replacement of the graphite-moderated reactors of the DPRK with light water reactors, the normalisation of the political and economic relations between the two countries, the denuclearisation of the Korean peninsula and peace and security there and the strengthening of the nuclear nonproliferation system.

The basic agreement is a milestone in the solution to the nuclear issue on the Korean peninsula as it defines in a package the measures to be taken by the sides.

The basic agreement sufficiently and satisfactorily reflects the consistent stand of the DPRK on the settlement of the nuclear issue and its active initiatives for it.

When it is smoothly implemented, it will greatly contribute to the removal of the hostile relations and confidence building between the DPRK and the United States and the socalled "nuclear issue" of the DPRK will finally disappear.

South Koreans Reportedly Praise Kim Chong-il

SK2010103794 Pyongyang KCNA in English 1031 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—The South Korean people highly praise the dear leader Comrade Kim Chong- il's politics of love for the people.

Kim Song-chol, in an article contributed to the editorial board of a newspaper in Seoul, said:

"Our people's reverence and worship of the dear leader Kim Chong- il are purely natural feelings of those really attracted and fascinated by his greatness and noble personality as an outstanding thinker and theoretician, tested leader, brilliant military strategist and incarnation of love for people without a parallel in history."

A professor of politics in Seoul said:

"What is the secret of the greatness of the dear leader Kim Chong-il? I think it is his noble humanism and love for people. His love for people can be said to be the core of his outlook on the revolution and life and the core of politics."

A company clerk said:

"The dear leader Kim Chong-il with magnanimity and virtues embraces all people.

"It is Mr. Kim Chong-il who put up the slogan 'We serve the people!' a slogan of holding the people dearest, and carries it into effect. This fact alone is enough to show how much he values and loves the people.

"He not only loves the people but regards them as the greatest being in the world, and takes it as his lifelong motto to serve them.

"This is another distinguished aspect of his greatness."

A company clerk in Inchon said Mr. Kim Chong-il is the leader and father of the people, who shares the will with the people and shapes benevolent politics for them.

A pressman surnamed Kim who lives in Seoul said:

"Mr. Kim Chong-il's unshakable will is to build an independent world desired by humankind. We people must courageously advance along the track of independence indicated by him, firmly believing that the independence, prosperity and happiness of the nation are possible only when his cause is accomplished."

Kim Yong-sam Group Denounced for 'Suppression'

SK2010045594 Pyongyang KCNA in English 0440 GMT 20 Oct 94

["CPRF Secretariat Denounces Scheme To Destroy Hanchongnyon"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—The secretariat of the Committee for the Peaceful Reunification of the Fatherland published its information No. 658 on October 19 denouncing the traitorous Kim Yong-sam group for scheming to suppress and destroy the South Korean Federation of General Student Councils (Hanchongnyon) by taking issue with the Pyongyang visit of its delegate, Choe Chong-nam, for attending the ceremony for the completion of the reconstruction of the tomb of King Tangun.

Recalling that some time ago, the Kim Yong-sam fascist clique issued a prior warrant of arrest for student Choe Chong-nam, co-director of the Secretariat of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), incriminating his visit to Pyongyang, and announced that it would arrest him upon his return to South Korea by invoking the "national security law", the information says:

The puppets' threat that they would arrest him is part of their atrocious suppression to disorganise and destroy Hanchongnyon under the pretext of Choe's visit to the North.

Choe Chong-nam is an official delegate of Hanchongnyon, a lawful organisation of the one million students of South Korea, who was dispatched to the North for the memorial service on the one hundredth day after the death of the great leader President Kim Il- song and for the ceremony for the completion of the reconstruction of the tomb of King Tangun.

When he mourned the death of the great leader in Pyongyang, he represented the ardent feelings of South Korean students who deeply revere the father of the nation who devoted his whole life to the prosperity of the nation and to the reunification of the country. It is a matter of ethics and morality and etiquette, which cannot be criminalized in any case.

By participating in the ceremony for the completion of the reconstruction of the tomb of King Tangun, Choe Chong-nam gained a clearer understanding of the homogeneity and long history of the Korean nation and confirmed that it is a basis for the unity and reconciliation of the nation which has lived divided for nearly half a century. This is of weighty importance in dispelling the discordance within the nation and accelerating the reunification of the country through the great unity of the whole nation.

Nevertheless, the Kim Yong-sam group is theatening that it will arrest him by invoking the "national security law" for his northern trip and activities in the North. This is a barbaric act which can be committed only by the traitors for all ages and the enemy of reunification ignorant of elementary etiquette and morality and utterly indifferent to the ardent desire of the nation for reunification.

The Kim Yong-sam group's random arrest of patriotic students who are devoted to the reunification movement for pulling down the barrier of division within the 1990s is a clear proof that it does not have the slightest intention to achieve national unity and reunification, but seeks only national confrontation and division.

South's Christian Youth Council on Corruption

SK2010111394 Pyongyang KCNA in English 1025 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—The Youth Council of Christian Churches of South Korea held a meeting in Seoul on October 16 with more than 200 members and citizens in attendance and made public a declaration on the situation, according to a radio report from Seoul.

In the declaration, it urged the elimination of irregularities and corruption and removal of culture of violence, contending that the anti-social, anti-ethical crimes which had occurred in succession recently were ascribable to the corrupt political climate, the doctrine of material almighty and pleasure-seeking.

The participants burned violent crimes and corruption in effigy before starting a demonstration.

Sojourn of Hanchongnyon Delegate Described

SK2010104594 Pyongyang KCNA in English 1038 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—Choe Chong-nam, delegate of the South Korean Federation of General Student Councils (Hanchongnyon), went round various places of Pyongyang.

The delegate visited Kim Il-song University on October 18 and saw educational facilities, while hearing an explanation about the immortal records of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il associated with the university.

Expressing sincere thanks to students of the university for their welcome, Choe said no matter how hard the authorities of the South may try to block the meeting between students of the two parts of the country, they can never bar it.

"The students should invigorate the struggle for a unified country in the future. On this road, Hanchongnyon will always be with the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification and students of Kim Il- song University," he stated.

He wrote in the visitor's book: "I think Kim Il-song University is the model of national universities and a base of training national cadres. The students in the South will strive harder to grow into excellent cadres of the nation."

Earlier, on the 17th, he visited the Mangyongdae School Children's Palace and made a round of various circle rooms of the palace, extramural educational base for school children, and saw an art performance given by children.

In the visitor's book he made an entry hoping that the children would become sturdy pillars of the country, as befits the precious beings whom President Kim Il-song called "king" of the country.

The delegate also visited the Grand People's Study House and the Pyongyang Senior Middle School No. 1.

18 Oct U.S.-ROK 'Air War Game' Reported

SK2010044094 Pyongyang KCNA in English 0431 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—The South Korean puppets, together with the bellicose elements of the U.S. imperialist aggression forces, staged another large-scale joint air war game against the North on October 18 with the sky above Oeyon Islet as the main theatre, according to military sources.

Involved in the war game staged with the support of an air commanding plane and a refuelling tanker were scores of overseas- based fighter-bombers and pursuit-assault planes and more than 410 fighter planes of the U.S. Seventh Air Force and the puppet airforce.

On the same day, six transport helicopters of the puppet army staged a "commando" airlifting exercise aimed at infiltrating into the in-depth areas of the North, flying above Yonchon and Munsan-ri area while two fighter planes of the puppet army made a low-altitude flight above Pia-ri, Yanggu county, a forefront area.

On October 17 and 18, artillery groups of the puppet army deployed in Paju, Yonchon and Kanghwa counties and armed bandits of the puppet army seriously threatened the North firing shells, large- calibre machine-gun bullets, automatic rifle bullets and tank shells.

U.S.-Japanese Military Exercises Condemned

SK2010050694 Pyongyang KCNA in English 0447 GMT 20 Oct 94

["Reckless Play With Fire"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—NODONG SINMUN today comments on the planned joint military exercises of the U.S. Forces and the Japanese "Self-Defence Forces" [SDF], biggest ever in history in scale, in northern and central Japan from November 8 to 17.

It views this as an indication that the military tieup between them has reached a very dangerous stage and they invariably seek to establish their military domination over the Asia-pacific region.

The analyst says:

It is the consistent policy of the U.S. to dominate the Asia- Pacific region. Having already deployed huge forces in this region, the United States intends to make the nations of the region meekly comply with its demand by demonstrating its might. On the other hand, it schemes to bind Japan more tightly to the "U.S.-Japan security system" and make their military relations dominant in the region.

Japan also has an axe to grind. What she pursues is to use the United States in realising her wild design for reinvasion.

In frequently staging military exercises with the United States, Japan seeks to build up a capacity enough to invade other countries any time.

Particularly grave is that the projected exercises are intended to threaten the DPRK. By "case of emergency" the U.S. and Japan hints another Korean war and by the increase of the joint combat capabilities of the U.S. Forces and the "SDF" of Japan they mean the perfection of practical war preparedness for an aggression on Korea.

The United States refuses to abandon its design to stifle Korea by strength, while the Japanese reactionaries regard Korea as the first target of their aggression overseas.

For this commonness of interests, the hardline conservative forces in the U.S. military and the Japanese reactionaries target their joint military exercises against the DPRK.

The U.S. and Japanese reactionaries must not go against the trend of the times but stop the reckless military exercises.

Japan Denounced on Nuclear Issue, UN Seat Bid

SK2010063394 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 19 Oct 94

[Unattributed talk: "The Japanese Authorities Who Do Not Even Know Where To Sit or Stand"]

[FBIS Translated Text] Nowadays, in time with the third round of the Korea-U.S. talks, which are under way in Geneva, the Japanese authorities have been making irrational acts, while clamoring about this or that regarding the nuclear issue in collusion with the South Korean puppets.

They have made absurd remarks, while indulging in petty guiles over Korean-Japanese relations, clamoring: Unless the suspicions over [North Korea's] nuclear development are removed, it will be difficult to realize the normalization of diplomatic relations between Japan and Korea; and Japan, the United States, and South Korea have confirmed that we would closely cooperate with each other on the nuclear issue.

Just as the proverb goes, this is enough to make a cat laugh. The recent remarks made by the Japanese authorities show that they seem to be out of their mind.

If the Japanese authorities had a correct understanding—and were in their right mind—of the trend of history and of the times, they would not have made such absurd remarks, which are not worth consideration.

The Japanese authorities' reckless, absurd remarks originate from their insidious attempt to put the brakes on the progress of the Korean-U.S. talks, to cover up their maneuverings for their own nuclear armaments, and to poke their nose into the solution of the nuclear issue on the Korean peninsula. Therefore, in answer to the questions—with regard to the fact that the Japanese authorities are clamoring about our nuclear issue—brought up by a reporter from the Korean Central News Agency [KCNA] on 12 October, a spokesman for the DPRK Foreign Affairs Ministry clarified the point that we would never tolerate the present Japanese authorities' act of trying to apply so-called pressure on us in connection with the question of normalizing diplomatic relations between Korea and Japan, while they are only following in the footsteps of the outmoded antagonistic policy toward Korea adopted by successive Japanese reactionary governments.

The normalization of diplomatic relations between Korea and Japan is never a gift that Japan could give to someone. There is the question of admitting and making reparations—to the Korean people—for its criminal acts, which can never be tolerated, including the atrocities of massacre and plunder, which the Japanese imperialists had committed for about 40 years in the past, and of making a new departure.

Our Republic, which is highly dignified for being independent, self-reliant, and self-defending, once again makes clear to the Japanese authorities: As long as the Japanese authorities do not put away the nuclear issue, which has nothing to do with the normalization of diplomatic relations between Korea and Japan, we will never deal with the Japanese authorities.

The Japanese authorities should know this clearly.

At the moment, even today, nearly half a century since the end of World War II, the Japanese authorities, far from atoning for and clearly liquidating their crime-ridden past, are running along the road to militarism and nuclear armaments; and are making a fuss, trying to play a political, military power by occupying the post of a permanent member of the United Nations Security Council.

At present, the Japanese authorities are trying to realize their dominative ambition with strength, while playing the role of a political, military power corresponding to its economic power, by occupying the post of a permanent member of the Security Council.

In other words, the Japanese authorities are trying to secure its sphere of influence in an area larger than the Greater East Asia Coprosperity Sphere of the bygone days. In this connection, the issue presently facing them is the removal of the restrictions in their Constitution that bans the use of armed forces overseas.

By advancing into the post of a permanent member of the Security Council, they are trying to legitimize their military activities aimed at their overseas expansion behind the facade of fulfilling the military duties as stipulated by the United Nations.

Under such a wicked purpose, the Japanese authorities are coveting the post of a permanent member of the United Nations Security Council; moreover, they are running amuck to become a permanent member with veto power.

This is really a brazenfaced act of not knowing where to sit or stand, is it not?

If the present Japanese authorities are doing this or that while only searching others' hearts, without having any of their own fixed views, like their predecessors who did not have the slightest independence [chajusong], or if they are servilely following the lifeless calls of the South Korean authorities, they will be faced only with international isolation and shame, far from obtaining so-called influence.

Even now, the Japanese authorities had better—even for themselves—look squarely at the trend of the times and act with discretion.

Japanese Chongnyon Visitors View Tomb of Tangun

SK2010042294 Pyongyang KCNA in English 0408 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), and his party staying in the socialist homeland visited the tomb of King Tangun Wednesday.

They saw the monument to the reconstruction of the tomb, the monument of records of Tangun, stone sculptures and the coffin chamber.

After seeing the tomb, general director of the Secretariat of Chongnyon Kim Su-sik said:

"Through the visit to the tomb, I have felt more keenly that our leader was, indeed, the greatest man.

"The great Generalissimo Kim Il-song not only founded the immortal chuche idea and restored the lost country but found out the ancestral father of our nation which is proud of its homogeneity. The fatherly leader with his noblest love of the nation and the motherland found out King Tangun to have been a real being and took wise measures to splendidly reconstruct the tomb of the father of our nation with a history spanning five thousand years.

"There is no man matching our leader in greatness in the world. We deeply feel the pride of being members of the Korean nation which is shining with the great August name of the respected leader.

"Our nation will surely achieve national reunification in the 1990s, united more closely around dear General Kim Chong-il, true to the behests of the great leader Generalissimo Kim Il-song, thus fully demonstrating the might of the homogeneous nation with a 5,000-year-long history.

Kim Yong-nam Meets With Indonesian Delegation

SK2010111594 Pyongyang KCNA in English 1040 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—Vice- premier and Foreign Minister Kim Yong-nam met and had a friendly talk with a delegation of the House of People's Representatives of Indonesia headed by Speaker Wahono [spelling of name as received] at the Mansudae Assembly Hall today when the delegation paid a courtesy call on him.

Present there were officials concerned and Syamsudin Sidabutar, charge d'affaires ad interim of the Indonesian Embassy here.

Meeting Commemorates Zambia's Independence

SK2010043194 Pyongyang KCNA in English 0418 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—A meeting was held in Pyongyang on October 19 to mark the 30th anniversary of the independence of Zambia.

It was attended by Yi Chong-chu, minister of general education and chairman of the Korea-Zambia Friendship Association, officials concerned and working people in the city.

Speeches were made and a message of greetings to the Zambian president was adopted at the meeting.

North Red Cross Society Anniversary Celebrated

SK2010101494 Pyongyang KCNA in English 1004 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—A meeting was held here on October 18 on the 48th anniversary of the founding of the Red Cross Society of the Democratic People's Republic of Korea.

The participants in the meeting observed a moment's silence in memory of the great leader President Kim Il-song.

In his report Yi Song-ho, acting chairman of the C.C. [Central Committee], the Red Cross Society, reviewed the achievements registered by it over the past 48 years since its founding.

Noting that the Korean people, a homogeneous nation which lived in harmony with the same history and culture in the same territory for five thousand years, have undergone immeasurable misfortunes and sufferings for nearly five decades after the country was divided into the North and the South by outside forces, he said the Red Cross Society has struggled for the reunification of the country.

Recalling that the Red Cross Society has put forward many humanitarian proposals and taken a series of initiatives to put an end to the tragedy of national division and lessen the misfortunes and sufferings of the fellow countrymen living separated in the North and the South and has made every sincere effort to carry them into effect, he said they have not been materialized due to the negative attitude of the South side.

"It is entirely owing to the anti-national, anti-dialogue acts of the South Korean authorities that the inter-Korean dialogues including Red Cross talks were suspended," he said, and continued:

"The South Korean Red Cross has totally turned down even the elementary humanitarian demand for repatriating POWs Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners, to the North as they want so that they may reunite with their families.

"If it is really interested in alleviating the misfortunes and sufferings of the fellow countrymen separated by national division, it must show the will in action, not in word. It must, above all, send the afore-said old men back to the North as they demand."

The reporter said the South Korean Red Cross should urge the South Korean authorities to eliminate all the legal and physical obstacles including "the National Security Law" which bans contacts and free travel between the North and the South.

Blames ROK for Suspended Dialogue

SK2010020594 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 20 Oct 94

[FBIS Translated Text] A report meeting marking the 48th anniversary of the founding of the Red Cross Society [RCS] of the DPRK was held at the International Cultural Hall in Pyongyang on 18 October.

Present at the report meeting were responsible functionaries of the Central Committee of the RCS; functionaries of the RCS in the capital city and provincial areas; and members and volunteers of the RCS.

First of all, the participants paid silent tribute to the memory of the respected and beloved leader Comrade Kim Il-song who had devoted all of his life to the freedom and happiness of the people and to the prosperity and reunification of the country.

Yi Song-ho, acting chairman of the Central Committee of the RCS, delivered a report to the report meeting.

The speaker touched upon the achievements which the RCS of the DPRK had made for the past 48 years since its founding. He added: The RCS has put forth numerous proposals and propositions aimed at putting an end to the tragedy of national division and to easing the tragedy and pain of the separated countrymen at an early date; and has made all sorts of sincere efforts to realize those proposals and propositions.

He said that our humanitarian proposals and propositions had not been realized due to the South side's negative attitude. He emphasized this by saying: At the moment, dialogue between the North and South, including the Red Cross talks, are suspended [chungdan] ,entirely due to the South Korean authorities' acts which run counter to the nation and to dialogue.

He pointed out: If the South Korean Red Cross Society is really interested in the question of removing the tragedy and pain of the countrymen separated by the national division, the society should show its will through practical action, not through words. Above all, it should repatriate to the North, old men Kim In-so, Ham Se-hwan, and Kim Yong-tae, who are long-term unconverted prisoners in South Korea, in conformity with their requests.

He stressed that the South Korean Red Cross Society should urge the South Korean authorities to realize the removal of all kinds of legal and physical obstacles, including the National Security Law, which block contacts and free exchange of visits between the North and South.

Overseas Solidarity for Reunification Cause Noted

SK1910150894 Pyongyang KCNA in English 1502 GMT 19 Oct 94

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—Foreign political parties and organisations expressed full support and solidarity for the Korean people's cause of national reunification on the 49th founding anniversary of the Workers' Party of Korea and in the month of support to the proposal for founding the Democratic Confederal Republic of Koryo (DCRK).

The Communist Parties and revolutionary and progressive forces of different countries present in Cuba including the delegates of the Peruvian Communist Party (Red Motherland), the Farabundo Marti National Liberation Front of El Salvador, the National Revolutionary Union of Guatemala and the Tri-Continental People's Solidarity Organisation issued a joint statement on October 4.

The joint statement praised the proposal for founding the DCRK advanced by the great leader Comrade Kim Il-song as the most reasonable policy fully reflecting the demand and cherished desire of the Koreans in the North, South and overseas and as the banner of Korea's reunification.

The statement urged the South Korean authorities to scrap the anti-reunification "National Security Law" and refrain from obstructing the implementation of the August agreed statement between the DPRK and the United States.

Nine political parties and organizations of Denmark including the Communist Party of Denmark (Marxist-Leninist), the Danish Workers' Party, Common Cause, the Left-Wing Socialist Party of Denmark and the Denmark-DPRK Friendship Association issued a joint statement on October 10, describing the proposal to found the DCRK as a fair and aboveboard one for achieving national reconciliation, removing political and military confrontation and building a democratic and neutral state on the Korean peninsula.

The statement expressed full support to the Korean people's struggle to realize the proposal.

Foreign Publications Carry Kim Chong-il's Works

SK2010111294 Pyongyang KCNA in English 1033 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—The dear leader Comrade Kim Chong-il's famous work "The Workers' Party of Korea [WPK] Organizes and Guides All the Victories of Our People" was carried by the Nepalese paper NEPAL NEWS and the Palestinian magazine PALESTINE AL-THAURA No. 586.

The Palestinian magazine said in the preface:

The Workers' Party of Korea was founded by the great leader President Kim Il-song on October 10, 1945. The WPK is vigorously leading Korea along the road of prosperous socialism under the wise guidance of his excellency the dear leader Kim Chong-il.

The Burundian paper LE RENOUVEAU carried his work "Abuses of Socialism Are Intolerable" and the Yemeni paper AL-JAMAHIR his work "On the Fundamentals of Revolutionary Party Building."

Kim Chong-il Thanks Researchers in University

SK2010031294 Pyongyang Korean Central Television Network in Korean 1100 GMT 14 Oct 94

[FBIS Translated Text] A meeting was held on the spot to deliver a letter of thanks of the dear leader Comrade Kim Chong-il, the great leader [widaehan yongdoja] of our party and people, addressed to scientists and technicians at the (?daily-necessities) research institute and the semiconductor direct circuit research institute in Kim Chaek Engineering University.

At the meeting, the letter of thanks sent by the dear leader Comrade Kim Chong-il was delivered amid the participants' enthusiastic applause. The scientists and technicians at the (?daily-necessities) research institute and the semiconductor direct circuit research institute at the university have greatly contributed to developing the national economy by researching and developing various types of special semiconductor elements with our own technology and materials.

At the meeting the discussions deepened the participants' firm determination to contribute actively to implementing the party's revolutionary economic strategy through practical successes in the work of education and science, while cherishing deep in their hearts the dear leader's benevolence of personally sending a letter of thanks for the work they have done as scientists and technicians.

Anniversary of Kim Chong-il Work Celebrated

SK1910235894 Pyongyang KCNA in English 2203 GMT 19 Oct 94

["Highly Important Work for Strengthening and Developing Party Into Great Party Inheriting Tradition of DIU" [Down-With-Imperialism Union]—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 19 (KCNA)—NODONG SINMUN today carries an article on the 12th anniversary of the publication of "The Workers' Party of Korea is a Chuche-Type Revolutionary Party Which Inherited the Glorious Tradition of the DIU", an immortal classical work of the dear leader Comrade Kim Chong-il (October 17, 1982).

The DIU is short for the Down-With-Imperialism Union which was formed by the great leader President Kim Il-song on October 17, 1926.

The dear leader Comrade Kim Chong-il said:

"Our party has traversed the glorious course of struggle for over half a century since it found root with the formation of the DIU; and on this road it has accumulated great brilliant achievements of the century, and has grown and strengthened as a powerful revolutionary party united rock-firm and equipped with a wealth of experience."

The great vitality of the work lies, first of all, in that it enabled our party to constantly strengthen and develop under the banner of the chuche idea upheld by the DIU.

The revolutionary tradition of our party owes its origin to the formation of the DIU, the first true vanguard organisation of the revolution in the history of the Korean communist movement. With the tradition of the DIU, our party has been able to constantly strengthen and develop into a chuche-type revolutionary party struggling with the chuche idea as its guideline. The chuche idea is the only guideline of the building and activities of our party and it views and judges all the questions arising in the revolution and construction from the chuche-based stand and solves them by its own efforts. Our party has deepened the work for firmly establishing the monolithic ideological system of the party under the slogan of imbuing the whole party with the chuche idea, with the result that the uniformity of idea and leadership has been firmly guaranteed within the party.

The great vitality of the work also lies in that the unity and cohesion of our party has been further consolidated through the successful inheritance of the tradition of the DIU.

Today our party is unswervingly carrying forward the tradition of singlehearted unity provided by the DIU. It has achieved the harmonious whole and singlehearted unity of the leader, the party and the masses through a sustained energetic work for further consolidating and developing the unity and cohesion of the party.

The whole party breathes and acts in accordance with the idea and will of the dear leader and the entire party members and other working people absolutely trust and follow him, revering him as their great teacher and father.

The unity and cohesion of our party has an immovable core. It is mighty unity and cohesion, a close ideological and moral unity of the entire party members around the leader.

The vitality of the work also lies in that it has made it possible to strengthen and develop our party into a party with invincible might for accomplishing the cause of socialism.

Today our party is leading the socialist cause of our era at its head, fighting its way through any storm. It has put forward chuche-based line and policies suitable to the aspiration of our people and the conditions of the country in each period and at each stage of the revolution and construction under the banner of the chuche idea and carried them through by organizing and mobilizing the entire people, thus advancing our socialist construction along a straight road.

And our party is firmly defending our-style socialism against the anti-socialist moves of the imperialists.

Memorial Services for Kim Il-song Held Abroad

SK2010042894 Pyongyang KCNA in English 0416 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—Memorial services for the great leader President Kim Il-song were held at the National Council of the Communist Party of India, the Sokolniky district youth hall in Moscow, and in Georgetown, Guyana, and Harare, Zimbabwe, on the hundredth day after his death.

The participants in the services laid wreaths and bouquets before his portrait and paid a silent tribute to his memory.

Speeches were made at the services.

Indrajit Gupta, general secretary of the National Council of the Communist Party of India, in his memorial address said Comrade Kim Il-song was the greatest leader produced by the present century, a legendary hero, an ever-victorious iron-willed brilliant commander and the only leader of the socialist movement.

"Standing at the head of the Korean people today is dear Comrade Kim Chong-il who has fully inherited the great idea and leadership ability of respected Comrade Kim Il-song," he said, expressing the belief that the revolutionary cause of Comrade Kim Il-song will be successfully accomplished under the wise and tested leadership of the great Comrade Kim Chong-il.

V.I. Anpilov, secretary of the Central Committee of the Communist Workers' Party of Russia and chairman of the Executive Committee of the "Working Russia" Movement, said in his speech: "It is 100 days since the great leader of socialist Korea Comrade Kim Il-song passed away. Comrade Kim Il-song was a political activist of the world who waged a heroic ayvzf struggle against Japanese imperialism, liberaed Korea and victoriously led the fatherland liberation war against the U.S. imperialists' invasion, defending the sovereignty of the country."

Robert Williams, chairman of the Guq Fjrifaional [as received] Committee for the Study of the Chuche Idea of Comrade Kim Il-song, said respected President Kim Il-song was an outstanding thinker and theoretician, a great statesman and the real father of the people who devoted everything to the happiness of the people, the prosperity of the country and the human cause of independence.

"We will build statues of respected President Kim Il-song and monuments dedicated to his memory in Georgetown and local cities of Guyana, reflecting the unanimous desire of the entire Guyanese people and followers of the chuche idea to glorify long his achievements for the time and history and honour his memory forever," he stressed.

Peter Persard, leader of the Amerindian Action Movement of Guyana, said in his speech that the great Comrade Kim Chong-il of the Korean people is an outstanding leader who is leading the struggle to defend and advance the cause of socialism. He expressed his firm belief that the Korean people will uphold Comrade Kim Chong-il, the supreme leader of the party, the state and the army, and accomplish the revolutionary cause of chuche pioneered by the respected leader President Kim Il-song, closely united around Comrade Kim Chong-il.

Letters to Comrade Kim Chong-il were adopted at the services.

'Hero of the Republic' Kim Yong-cho Praised

SK2010043394 Pyongyang KCNA in English 0422 GMT 20 Oct 94

[FBIS Transcribed Text] Pyongyang, October 20 (KCNA)—A bust of hero of the republic Kil Yong-cho who was an officer of the Korean People's Army [KPA] was unveiled.

Kil Yong-cho was a true revolutionary soldier of the Workers' Party of Korea who reliably defended the sky of the country after he joined the Korean People's Army upon graduation from a senior middle school.

At an unexpected critical moment, he unhesitatingly laid down his life at a young age for the security of the beloved country and the people.

Highly praising the noble fighting spirit and heroic deed displayed by Kil Yong-cho, Comrade Kim Chong-il, supreme commander of the Korean People's Army, saw to it that the title of the hero of the republic was awarded to him, the Chohyon Senior Middle School, his alma mater, was renamed the Kil Yong-cho senior middle school and his bust was built at the school.

A ceremony for unveiling the bust and naming his alma mater the Kil Yong-cho Senior Middle School was held at the school in Chunghwa County, Pyongyang, on October 19.

Present there were Kang Hyon-su, chief secretary of the Pyongyang Municipal Committee of the Workers' Party of Korea and chairman of the Pyongyang Municipal People's Committee, KPA General Cho Myong- nok, officials of party and government bodies, administrative and economic organs and working people's organisations, the family of the hero, KPA soldiers, working people and students.

Speeches were made at the meeting.

South Korea

IAEA Requires Expanded North Sites Inspections

SK2010125794 Seoul YONHAP in English 1249 GMT 20 Oct 94

[FBIS Transcribed Text] Berlin, Oct. 20 (YONHAP)—The International Atomic Energy Agency (IAEA) on Thursday observed that there would inevitably need new verification activities beyond the scope of the existing nuclear safeguards agreement to verify the freezing of North Korean nuclear activities envisioned in the U.S.-North Korea agreement.

In a statement, the IAEA pointed out that despite the agreement, the time of North Korea's overall fulfillment of the safeguards agreement would be delayed considerably.

IAEA Director-General Hans Blix said in the statement that under the U.S.-North Korea agreement, his IAEA is likely to assume a long-term and comprehensive role in securing the transparency of North Korean nuclear programs.

Saying that frictions between the IAEA and North Korea have stemmed from North Korea's refusal to cooperate in the verification by the IAEA of the accuracy and completeness of the declared North Korean nuclear facilities, Blix said he understands North Korea agreed at the Geneva talks to accept activities of such verification at a specific time in the course of supporting light-water reactors.

The IAEA expressed the hope that the necessary verification of the state of North Korea's nuclear materials could be made at an early date.

IAEA Reaction to Nuclear Agreement Discussed

SK2010095994 Seoul TONG-A ILBO in Korean 20 Oct 94 p 2

[By Kim Yong-hui from Bonn]

[FBIS Translated Text] The center of interest in connection with the North Korean nuclear issue following the conclusion of the third round of U.S.-North Korean high-level talks is the reaction of the International Atomic Energy Agency [IAEA].

Although the political and comprehensive talks ended successfully, the organization in charge of the nuclear issue has to go through very delicate and complicated procedures to put the results of the talks into practice. Some feel the agreement reached at the talks is not in accord with the IAEA's basic position.

On 18 October, the IAEA withheld official comment on the U.S.-North Korean agreement, ostensibly because the agreement was not formally signed. However, the IAEA seemed to be very displeased at the negotiations that had given North Korea a bundle of gifts in return for its return to the Nuclear Nonproliferation Treaty [NPT], as well as at the decision to provide North Korea with a considerably long grace period for special inspections, which is the most important aspect.

What displeases the IAEA even more is it has been designated to engage in new supervisory work, which is not its duty.

Of course, it is not that the entire IAEA holds a negative view of the results of the talks. An IAEA official said it is meaningful to have North Korea remain (the agreement uses the word "remain" instead of the word "return") in the NPT and to confirm the validity of the nuclear safeguards accord. The official stated: "Although the talks could not solve the North Korean nuclear issue completely, it is fortunate that the ground for securing North Korea's nuclear transparency has been prepared." However, another IAEA official criticized the United States, saying: "The political method to conclude the negotiations is hardly welcome because it set a bad example for potential nuclear states, while being excessively obsessed with the intention to maintain the NPT framework."

Taking into account the IAEA's complicated position as well as the delicate feelings of countries concerned, including the ROK, the Untied States has reportedly divided the agreement with North Korea into open and secret documents, and is seeking to specify in the secret document additional duties to be imposed upon the IAEA. The issues about which the ROK will have to persuade its people—such as alternative forms of energy and providing support for North Korea's switch to a light-water reactor—will be included in the secret document.

The United States will soon put the IAEA's additional duties to a UN Security Council vote, and will go through procedures to charge the IAEA with these duties. When it is charged with these duties, the IAEA will expand the activities of the two inspectors residing in North Korea and will permanently station its inspectors there by rotation. The permanently stationed IAEA inspectors are to conduct ad hoc and ordinary inspections [imsi mit tongsang sachal] of the seven reported nuclear facilities in North Korea in addition to fulfilling the new duties. It seems they will also provide necessary advice and suggestions on preserving the 8,000 used fuel rods, which will be discussed later by North Korea and the United States.

At present, the IAEA feels once its future duties are decided through UN Security Council procedures, it will not have to directly engage in tiresome arguments with North Korea, at least for the time being. Of course, it is quite possible problems will occur if North Korea refuses to allow inspections. Since it is difficult to predict such circumstances at present, however, the IAEA's role will inevitably be limited to the practical management of the political agreement between the United States and North Korea. This means the IAEA has been reduced to a miserable position where, as the organization in charge of nuclear matters, it can hardly exert its right to speak up on this issue for several years until special inspections are conducted.

Gallucci on 'Confidential' Section of Accord

SK2010072194 Seoul YONHAP in English 0710 GMT 20 Oct 94

[FBIS Transcribed Text] Washington, Oct. 20 (YONHAP)—The United States' chief negotiator in nuclear talks with North Korea says the framework agreement reached in Geneva early this week contains a confidential section that will not be made public even after the accord is signed.

Assistant Secretary of State Robert Gallucci said during a briefing Wednesday [19 October] at the Foreign Press Center here that "there is a confidential minute that is a portion of the document. The confidential minute is a couple of pages long, and it includes undertakings which will not be made public even after the signing."

Referring to the scale and model of light-water reactors that will be supplied to North Korea, Gallucci indicated that a South Korean type now under construction in the South would be provided.

"The type of reactor... the document (framework agreement) refers to two 1,000-megawatt reactors, and they will be reactors of the type that are currently under construction in South Korea," he said.

Asserting that South Korea would bear the lion's share of the burden in building and financing the North's new reactors, Gallucci said the international community would probably help pay for heavy oil to be supplied to North Korea.

"I expect the alternative energy in the early months... the United States will take up the responsibility for that. But very soon I would hope that our consultations in KEDO (Korea Energy Development Organization) would allow us to shift the burden to broader international shoulders so that other countries will assist in providing the alternative energy in the form of heavy oil," he said.

Gallucci stated that two or three other countries would accept the spent fuel rods taken from the North's sole operating nuclear reactor when Pyongyang shipped them abroad.

Responding to a question on whether North Korea really intends to permit checks by the International Atomic Energy Agency (IAEA) under the heading "special inspections," he declined to delve into the exact language.

"Because I said the document (agreement) itself will not be made available until after it's signed, I am reluctant to talk about exact language or a quote from the document even if I could," he explained.

The chief negotiator then disclosed that he had consultations in Washington with IAEA Director-General Hans Blix, who was very "supportive" of the Geneva accord.

Senators Urge Clinton To Renegotiate Accord

SK2010072494 Seoul YONHAP in English 0715 GMT 20 Oct 94

[FBIS Transcribed Text] Washington, Oct. 20 (YONHAP)—Frank Murkowski and three other Republican [GOP] senators on Wednesday [19 October] urged President Bill Clinton to renegotiate the deal struck with North Korea in Geneva Tuesday, criticizing him for making several unacceptable concessions.

They asserted in a letter to the President that by "delaying special inspections of the two suspect North Korean sites until five years from now," the U.S. Government made a dangerous concession.

This will leave "in North Korea's hands the potential to trigger a major international crisis by reprocessing the spent fuel rods still under its control... undermine the IAEA's credibility and make (its) future special inspections of suspected violations virtually impossible," they added.

It will also vitiate "through substantial delay the IAEA special inspection process, leaving unresolved the question of how much plutonium the North recovered when it previously reprocessed fuel rods."

In allowing over 8,000 spent fuel rods that Pyongyang removed from its graphite-moderated reactor to remain in the North for five to nine years, the United States made another big concession, they maintained.

In particular, Murkowski said the American Government had bent over backwards to accommodate North Korea in striking the deal, adding: "Once again, we are rewarding bad behavior. Under the terms of the agreement, the United States will give North Korea economic and diplomatic concessions for several years before North Korea even is asked to submit to the inspections that they have successfully avoided for over two years already."

In addition to Murkowski, Sens. Alfonse D'Amato, Mitch McConnell and Jesse Helms signed the letter.

Minister Han Interviewed on U.S.-DPRK Accord

SK2010082594 Seoul YONHAP in English 0809 GMT 20 Oct 94

["Exclusive interview" with ROK Foreign Minister Han Sung-chu by unidentified YONHAP correspondent; place and date not given]

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—Foreign Minister Han Sung-chu said Thursday that fully resolving the human rights issue in North Korea cannot be considered a precondition for the establishment of relations between Pyongyang and Washington.

In an exclusive interview with YONHAP News Agency, Han noted that the United States had normalized ties with the Communist regimes of the Soviet Union and China while still attaching great importance to human rights.

"The United States, however, is expected to take issue with human rights in North Korea and strongly call on the North to improve its human rights record in the course of normalizing relations with the North and thereafter," Han predicted.

The minister also expected that Washington is likely to lift trade and financial restrictions imposed on Pyongyang in the initial stage of rapprochement, adding: "Washington will not directly enter into normalizing relations with Pyongyang considering the fact that an exchange of liaison offices is closely related to such factors as inter-Korean talks, and there will continue to be difficult problems to solve thereafter."

Touching on the issue of U.S. forces stationed in South Korea, he said, "The fact that an agreement has been reached on the North Korean nuclear issue does not mean the disappearance of the military threat from the North."

Washington's policy is to maintain its troops in South Korea at the current level, he said. "The fact is that the U.S. forces on the Korean peninsula have been greatly reinforced during the past year."

When asked about who issued instructions to North Korean Vice Foreign Minister Kang Sok-chu during the just-concluded nuclear talks in Geneva, Han replied, "It seems that he is connected to those (in Pyongyang) who have the substantial power to make policy decisions."

Minister Han expressed hope that Seoul and Pyongyang will hold talks on a variety of issues ranging from the North's nuclear program and its economy to exchanges and cooperation, but added: "It is easier and more probable, in reality, to have meetings first to discuss what kinds of meetings to hold."

The foreign minister expected Beijing to play a role in helping Pyongyang implement the agreement with Washington and improve relations with Seoul. "The United States and China have shown more positive attitudes toward inter-Korean dialogue than before during the course of negotiations on Pyongyang's nuclear program."

Han did not think that eventual cross-recognition of South and North Korea by the four neighboring powers would cast in stone the division of the Korean peninsula, stressing that "under such circumstances, chances for reunification could arise."

On the question of substituting a peace treaty for the present armistice pact, he said, "The government policy is that the armistice pact should be replaced by a peace treaty in accordance with the inter-Korean basic treaty."

"Such countries concerned as the United States and China could possibly express their opinions or do some procedural work to support or honor a peace treaty between South and North Korea once such a treaty was signed," Han stated.

The United States feels that maintaining close relations with South Korea is in its own best interests, he pointed out. "There will therefore be no reason and rationale for Washington to suddenly involve itself in an equidistance diplomacy between South and North Korea or to adopt a policy to get closer to Pyongyang than Seoul.

"South Korea and the United States have common interests and targets in the principles that North Korea should not possess nuclear weapons and that peace should be maintained on the Korean peninsula," the minister declared.

Han added, however, that the two countries could have differing opinions on achieving these targets and interests and on the course of negotiations.

The minister warned against adopting passive policies running counter to the worldwide and regional trend against the Cold War. "Such policies will not be helpful to national reunification but would weaken our position."

Half of Poll Respondents Unhappy With Accord

SK2010075394 Seoul CHOSON ILBO in Korean 20 Oct 94 p 1

[FBIS Translated Text] A recent survey showed the citizens' views toward the results of the North Korean-U.S. nuclear negotiations were equally divided into "satisfaction" and "dissatisfaction."

According to a 19 October poll conducted via telephone by CHOSON ILBO and Gallup Korea of 504 adult males and females across the country, 7.2 percent of the respondents expressed "strong dissatisfaction" with the results of the Geneva talks, and 37.4 percent replied they were "quite discontent," making a total of 44.6 percent belonging to the "dissatisfaction" category. In addition, 4.5 percent answered they are "very satisfied," and 38.7 percent said they are "quite satisfied," while 12.2 percent answered they "do not know."

When asked if Pyongyang would implement the agreement, 62.2 percent answered "no" while 23.1 percent replied yes; 14.7 percent said they "do not know." Thus, the poll showed the majority of people doubted North Korea's reliability.

Reacting to the North Korean-U.S. agreement that light-water nuclear reactors and economic assistance be provided first and special inspections would be conducted later, 59.3 percent answered the United States has made "too many concessions" to North Korea, 28.3 percent answered the concessions were "inevitable," and 12.5 percent fell into the "do not know" category.

To the question "Should the ROK bear the financial burden for providing North Korea with light-water reactors?" 50.9 percent of the respondents said "yes, even if it means more taxes," 40.9 percent said "no," and 8.2 percent said they "do not know."

To the question as to whether North-South relations would improve in the future, 63.4 percent answered affirmatively while 31.9 percent replied negatively, and 4.7 percent said they "do not know." Thus, the survey showed the people have an upbeat view regarding the improvement of North-South relations in the wake of the nuclear negotiations.

As to the question "Do you think North Korea's nuclear threat will be dissolved?" 51.5 percent of the respondents said "no," 36.1 percent answered "yes," and 12.4 percent said they "do not know."

To the question on the South's losses and gains deriving from the settlement of the North Korean nuclear issue, 27 percent assumed a "wait and see" stance while 33.8 replied the ROK has "lost more than it gained"; 4.3 percent said we have "gained more."

Asked if the ROK Government did well in its diplomacy, 46.9 percent answered "no," 28.4 percent said "yes," 14.2 percent termed it "average," and 10.5 percent replied they "do not know." This showed a high percentage of the people hold a critical attitude toward our government's diplomatic capabilities.

The current survey polled 248 males and 256 females via telephone from across the country, except for Cheju Island, who were 20 or older, using a region-by-region random sampling method based on telephone directories. The limit of error is 95 percent [as published] and the sampling error is plus/minus 4.4 percent.

South, U.S., Japan Plan Meeting on LWR Issue

SK2010141094 Seoul KBS-1 Television Network in Korean 1213 GMT 20 Oct 94

[FBIS Translated Text] What the ROK is most concerned about now is forming a consortium to assist in the construction of a light-water reactor [LWR] in the North, the amount of its expenditures, and its role in the project. It has been learned that the ROK and the United States have decided to hold an ROK-U.S.-Japan tripartite meeting early next month in Seoul to form a consortium to assist North Korea in constructing a light-water reactor. The following report is by Yi Hyon-chu.

[Begin Yi recording] It has been learned that the initial work to form an international consortium to assist North Korea in constructing a light-water reactor will be achieved through a tripartite meeting between the ROK, the United States, and Japan. It has also been learned that the tripartite meeting will be held early next month in Seoul.

On 20 October, a government official stated this meeting is almost at the stage of agreement through ROK-U.S. diplomatic channels. In particular, this official said the tripartite meeting to form the consortium will be carried out with first consideration given to practical work. Nuclear Ambassador Kim Sam-hun, U.S. Assistant Secretary of State Gallucci, and Yanai, director of the General Diplomatic Policy of the Japanese Foreign Ministry, will be the representatives from the ROK, the United States, and Japan, respectively.

It has been learned that during this meeting, work will be conducted to select countries to take part in the consortium; in particular, as regards the ROK's initiating role, discussions will be held on the share of participation by each country.

A diplomatic source said this year's Team Spirit exercise will be suspended, but will be replaced with a tactical exercise waged via a computerized war game.

Another government official revealed the tripartite meeting will take concrete shape when Assistant Secretary of State Gallucci visits the ROK next week, and the issue of replacing the Team Spirit exercise will take concrete shape when Defense Secretary Perry visits the ROK today. [end recording]

Seoul Studies Parliamentary Approval of Reactors

SK2010053594 Seoul YONHAP in English 0529 GMT 20 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—The government is studying how to obtain parliamentary consent for helping pay the cost of light-water reactors for North Korea under the nuclear agreement reached between Pyongyang and Washington in Geneva Tuesday.

A government official said Thursday, "in North Korea's light- water reactor construction project, we will play the leading role, requiring the people to bear a heavy financial burden. In particular, our share of the project cost will be such an amount that the government can hardly pay it without National Assembly approval."

The government would face resistance from the people if it appropriated such massive funds for North Korea's energy development program without gaining parliamentary consent, he stressed.

Another official agreed, saying that because the provision of support to North Korea for the reactor construction project entails a financial burden on the people, the government will seek the parliament's understanding or cooperation in some form.

As a result, the government is studying how to obtain the National Assembly's endorsement, he added.

The process of gaining parliamentary consent may differ depending on the nature of the funding for light-water reactor construction—funds from the national treasury, funds raised by selling the government's shares of Korea Electric Power Corp. or funds borrowed from banks.

Firms 'Cautious' About North Nuclear Project

SK1910004994 Seoul THE KOREA TIMES in English 19 Oct 94 p 8

[Report by Sa Tong-sok]

[FBIS Transcribed Text] With the conclusion of the nuclear agreement by North Korea and the United States, some 10 Korean business concerns which have technical expertise in building nuclear power plants are expected to take part in the U.S.-led nuclear plant project.

Of the 10 companies, Hyundai Engineering & Construction, Daewoo Corp., Dong-ah Construction Industrial, and Hanjung or Korea Heavy Industries & Construction will take leading roles in forming a consortium to provide North Korea with two 1,000-megawatt nuclear reactors, according to industry circles.

On the surface, the Korean companies will wage a neck-and-neck battle to win the right to take part in the nuclear project but at the moment they appear cautious about entering the competition because the project can not be determined on economic principles alone and it is primarily an international issue.

According to initial accounts of the North Korea-U.S. accord released so far, the Korean government will shortly enter negotiations with the U.S., Japan and other Western countries to discuss how to share the financial burden of providing North Korea with two Korean-type light water reactors.

For now, the possibility is mounting that some 10 countries including South Korea, the U.S., Japan and Group of Seven (G-7) nations will organize an international consortium to share the financial burden but the main bulk of the burden will be certain to be shouldered by South Korea.

The state-invested Korea Electric Power Corp. (KEPCO), for its part, has allegedly drawn up a master plan for the nuclear project. Under the scheme, the Korea Advanced Energy Research Institute will take charge of design and Korea Heavy Industries and Construction will supply turbine generators.

In addition, Korea Power Engineering Co. (KOPEC), a daughter company of KEPCO, will build reactors while the Nuclear Safety Center will be in charge of safety problems. Industry analysts say Korean technology will be able to cover about 90 percent of all that needed to build the nuclear plants.

Nuclear specialists see little problem with South Korean nuclear technology as far as the provision of reactors for North Korea is concerned. The problem will be the South Korean government's capacity to find the enormous amount of money needed.

According to KEPCO, some four billion dollars (3.2 trillion won) will be needed to construct the twin PWR [pressurized water reactor] plants, or nearly 8 percent of South Korea's total annual government budget.

As a matter of fact, South Korea's nuclear technology has already reached an international level thanks to the experience and plant performance results accumulated in the course of building the nation's current nuclear power capability.

Currently, South Korea's nuclear energy self-reliance ratio reaches a high 93 percent. The government plans to increase it to 95 percent by 1995.

South Korea has pursued its nuclear program using relatively standard and well-proven reactor designs: the PWR and the Candu type pressurized heavy water reactor (PHWR).

Westinghouse of the United States was the nuclear steam system supplier for the four reactors in Kori, South Kyongsang Province, as well as the two reactors in Yonggwang, South Cholla Province. Framatome, the French firm, supplied the two PWR reactors in Ulchin, North Kyongsang Province.

The sole PHWR at Wolsong, North Kyongsang Province, was supplied by Atomic Energy of Canada Ltd, Canada's state nuclear company.

Industry watchers say it will take at least 10 years for the light-water power plants to be completed.

South Korea has one of the better performing nuclear power programs in the world due to its modern designs and local skills in construction, operation and maintenance.

For nearly a decade, South Korea's nuclear plants have had plant availabilities exceeding the world average. In 1989 and 1990, Korean plant availabilities exceeded world averages by 11 and 13 percentage points respectively.

Nuclear analysts say the nuclear reactors to be supplied to North Korea will be the same as the units now being built in Yonggwang which are intended to become the standard for most subsequent units in South Korea. They are a scaled-down version of the S-80 American reactor developed by Combustion Engineering (CE) which ensures high degrees of safety.

Organization Formed To Aid in LWR Construction

SK2010113994 Seoul KBS-1 Radio Network in Korean 1000 GMT 20 Oct 94

[FBIS Translated Text] The government formed a government-level organization to deal with the problem of assisting North Korea with its light-water reactor [LWR], and has started its practical work. This organization is headed by Vice Foreign Minister (Pak Kon-u). It is formed of the representatives of security-related ministries, including the Foreign Ministry, the National Unification Board, and the Agency for National Security Planning; economy-related ministries, including the Economic Planning Board, the Ministry of Finance, and the Ministry of Trade and Industry; the Korea Electric Power Corporation; and the Korean Atomic Energy Corporation.

Linking Reactor Issue With N-S Dialogue Urged

SK2010123894 Seoul CHOSON ILBO in Korean 20 Oct 94 p 3

[Editorial: "The Light-Water Reactor Issue Can Be Used as a Lever"]

[FBIS Translated Text] It is still uncertain whether the Geneva agreement between the United States and North Korea will put an end to the North Korean nuclear crisis. It is also difficult to jump to the conclusion that various uncertain factors will become transparent and substantiated in the future since the guarantee and proof of transparency and truthfulness is linked to North Korea's attitude and sincerity. It is extremely doubtful whether Pyongyang will sincerely implement its commitments in light of North Korea's strategy of using the nuclear issue as an ace card in negotiations, of its invariable threats to develop nuclear weapons as revealed in the course of negotiations with the Untied States, of its attempt to avoid special inspections, and of its thorough and persistent strategy to exclude the ROK and to refuse to engage in South-North dialogue. In our frank judgment, it is possible North Korea will break the agreement by playing a new card, using loopholes in the ambiguous procedures and the change in its political and economic position as a ruse. Although South-North dialogue and special inspections are reportedly specified in the agreement, it is unclear whether South-North dialogue will be resumed early in light of North Korea's insincere attitude toward dialogue as shown in the past.

Taking these facts into account, and while accepting a new phase of dialogue and adapting ourselves to it, we should be able to make proper decisions regarding, and demands concerning, our position, and should achieve that position instead of unilaterally following the U.S. strategy without having a fixed view of our own. To this end, I believe we cannot help but use the light-water reactor issue as our own strategic card. Though we do not know how many countries will participate in the consortium led by the United States, it is highly likely we will be burdened with the majority of the expenses for building light-water reactors in North Korea. Therefore, we have to strongly demand and secure our position suitable to our burden.

In particular, we should not abandon our active and leading role of considering the operation of the consortium as well as North Korea's corresponding measures and sincerity as important variables in our judgment. If North Korea does not adopt a new attitude and make efforts to hold full-fledged discussions on the vast, unresolved problems which exist between the South and the North, problems such as South-North dialogue and economic cooperation, then the U.S.-North Korean agreement will merely have a restricted meaning and will be of no help in improving South-North relations. From this viewpoint, the government should map out a strategy of using the "light-water reactor card," linking the provision of support for North Korea's switch to a light-water reactor system with South-North dialogue and economic cooperation.

South To Take 'Active' Role in N-S Dialogue

SK2010014794 Seoul YONHAP in English 0142 GMT 20 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—Unification Minister Yi Hong-ku has indicated the government is studying plans to make an overture to North Korea.

At a dinner meeting with unification policy advisers Wednesday evening, Yi, touching on the follow-up to the North Korea-U.S. nuclear accord reached in Geneva, said the government would play the leading role in inter-Korean dialogue at all levels, a participant said Thursday.

Yi was quoted as stating, "it's important for us to assume an active position in leading inter-Korean relations by providing economic aid to North Korea. The government has worked out several plans for inter-Korean economic cooperation.

"It's desirable that inter-Korean economic cooperation be pursued in a manner serving the common interests of both South and North Korea, not in a manner giving the impression of alms-giving to North Korea. The government is studying plans to start cooperation projects initially at the private level and then promote them gradually to the government level."

On when inter-Korean economic cooperation would begin, Yi said the government would ease restrictions on business dealings with North Korea after it and the United States officially sign the Geneva nuclear agreement.

Yi was also quoted as saying the burden of supplying alternative energy to North Korea, as stipulated by the Geneva accord, would not fall on South Korea.

Seoul Plans 'To Push Ahead' With N-S Talks

SK2010030894 Seoul HANGYORE SINMUN in Korean 20 Oct 94 p 1

[FBIS Translated Text] It was learned on 19 October that the government is planning to push ahead with premier-level talks on the assumption that North-South summit talks will take place, even if North Korea's Kim Chong-il takes over as the general secretary of the Workers' Party of Korea without ascending to the state presidency.

With the end of the Geneva talks between the United States and North Korea, the government, which is working out various measures to resume inter-Korean dialogue, has adjusted its stance to make all possible efforts to realize summit talks by pushing ahead with premier-level talks and resuming North-South contacts, judging that chances are high that a formal ascension to the throne in North Korea will be delayed longer than had been previously expected.

Government Studies Yi-Kim Unification Meeting

SK2010084494 Seoul YONHAP in English 0830 GMT 20 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—The government is poised to push for reactivation of a high-level political dialogue channel between the top unification policy-makers of South and North Korea—the South's Unification Minister Yi Hong-ku and the North's Kim Yong-sun, Workers' Party secretary in charge of South Korean affairs—at an early date, informed official sources said Wednesday [19 October].

Government agencies related with unification affairs such as Chongwadae [presidential offices], the National Unification Board [NUB] and the Foreign Ministry have reached an agreement to that effect as a follow-up to cope with the new political circumstances created by the recent breakthrough in U.S.-North Korea high-level talks, the sources said.

Should a preliminary contact between the two senior officials take place, the South Korean side may seek a comprehensive discussion of all pending inter-Korean issues including reactivation of four joint committees and the Joint Nuclear Control Commission (JNCC) established under the South-North Basic Agreement as well as Seoul's assistance for Pyongyang's light-water nuclear reactor project.

The Yi-Kim meeting is being studied based on the judgment that an early activation of the summit dialogue channel is virtually unthinkable under the present circumstances due to the North's internal situation, indicated by the delay in Kim Chong-il's inauguration, and that North Korean leaders may feel uncomfortable with such "functional meetings" as prime ministers' talks or the JNCC that are supposed to address substantive issues.

An official at Chongwadae, meanwhile, pointed out that the North Koreans preferred political talks in the past as they thought they would be placed at a disadvantage if a "functional" approach was taken to pending inter-Korean issues.

The official said that at the present stage, it would be difficult for North Korea to immediately accept joint committees and the JNCC. Therefore, "it is more desirable to hold a conference first which is of a procedural nature."

Labeling the four joint committees and the JNCC in the inter- Korean dialogue channel as a "functional meetings, he hinted the government may press for a Yi-Kim meeting, saying that "a 'procedural' conference means one between Deputy Prime Minister Yi and North Korea's Kim Yong-sun."

An NUB official maintained that inter-Korean dialogue should handle pending issues in a comprehensive manner rather than item-by- item to lay a foundation for improving overall relations.

The official noted that reopening the channel between Yi and Kim is the best option as they are responsible for their sides' respective unification affairs.

Saying that their meeting would be a preliminary contact for a summit, while also carrying the nature of political talks, he stated that a political meeting would handle all issues including nuclear matters, implementation of the basic inter-Korean agreement and joint development projects for the Korean people.

South 'Will Not' Propose Inter-Korean Dialogue

SK2010110094 Seoul KBS-1 Radio Network in Korean 1000 GMT 20 Oct 94

[FBIS Translated Text] For the time being, the government will not be the first to propose to North Korea the resumption of a South-North dialogue, including high-level talks. The government also decided it will not propose new talks, including premier-level talks, until the content of the agreement reached at the U.S.-North Korea talks is smoothly implemented.

On 20 October, a National Unification Board [NUB] official revealed that the issues of being the first to propose a South-North dialogue and of promoting a new level of South-North dialogue are not being examined at the current stage. He added that some reports related to high-ranking political talks, such as premier-level talks, are not true.

The official added that the South-North dialogue will be pursued after observing the will of North Korea in implementing the content of the agreed statement reached at the U.S.-North Korea talks. Therefore, the government does not have to hasten the talks; once North Korea's new leadership is inaugurated, all level of South-North dialogue—including summit talks—will be achieved naturally in the process of implementing the agreed statement of the U.S.-North Korea talks.

North Succession Delay Due to 'Health' Reasons

SK2010085294 Seoul KBS-1 Radio Network in Korean 0800 GMT 20 Oct 94

[FBIS Translated Text] A government source revealed on 20 October that the delay in Kim Chong-il's election to general secretary of the Workers' Party of Korea [WPK] and president of the state is due to health considerations.

The source added that, nevertheless, Kim Chong-il is de facto in complete charge of North Korea's party, government, and military, and his delayed election as party general secretary is not linked to any internal power discord.

Therefore, this source feels there is a high possibility that, until his health is restored, Kim Chong-il will not be elected general secretary of the WPK, and North Korea's Government will be centered around the party until Kim Chong-il's succession of power is officially realized.

Kim Chong-il's 'Pragmatist Diplomacy' Analyzed

SK1910141394 Seoul CHUNGANG ILBO in Korean 19 Oct 94 p 3

[Article by reporter Kim Chin-kuk: "Start of Kim Chong-il's Pragmatist Diplomacy—Background of North Korea's Concession and Prospects"]

[FBIS Translated Text] North Korea's diplomacy has achieved success.

The Geneva agreement can be considered a success for North and South Korea as well as the United States in that the agreement has helped defuse the nuclear crisis on the Korean peninsula. Among the three countries, North Korea has gained the most diplomatically. The method adopted by North Korea constituted a threat to international usage and order. However, it won international trust.

The United States promised to improve relations with North Korea and lift economic sanctions against the North. This goodwill gesture by the United States, the only country that has hegemony in the post-Cold War era, will exert a strong influence on the international community.

For the moment, North Korea, faced with energy shortages, will be provided with oil and will receive reparations from Japan for the latter's occupation of Korea from 1910 to 1945. North Korea, which has been declared bankrupt and therefore unable to borrow money from any foreign country, will now be able to borrow money very easily.

This diplomatic success will be counted as the first major success of the Kim Chong-il era.

The agreement can be said to best symbolize Kim Chong-il's pragmatist line.

North Korea began to develop its nuclear technology in the 1960's, earlier than the ROK. It began to develop nuclear weapons in earnest in the 1970's after acquiring radiochemical technology.

However, North Korea promised to close its radiochemical laboratory, and thus virtually abandon its technology acquired so far.

Therefore, this decision should be interpreted as North Korea's desiring to maintain its regime in ways other than developing nuclear weapons.

When meeting with Carter last June, Kim Il-song expressed his intention to maintain the North Korean regime by improving relations with the United States instead of developing nuclear weapons. He said he would also improve relations with the ROK.

The Geneva agreement is no different from Kim Il-song's promise.

Late last year, North Korea adopted an "economic policy for the period of adjustment" (1994-1996) that espouses an agriculture-first, light industry-first, and foreign trade-first policy—a limited open-door policy. The policy of adjustment is also intended to strengthen economic cooperation with the capitalist countries and attach importance to the people's livelihood. The Geneva agreement is in compliance with this policy.

In this respect, the Geneva agreement is the work of Kim Il-song, not that of Kim Chong-il.

However, in 1984 Kim Chong-il had already stressed the light-industry revolution and initiated the promulgation of the Joint Venture Law. This policy later failed. Experts feel Kim Chong-il persuaded Kim Il-song to again adopt a pragmatist policy.

The fact that Kim Chong-il accepted Kim Il-song's decision on economic policy during the period of adjustment as his "will" and implemented it hints at Kim Chong-il's future policies.

Therefore, the "limited open-door policy" will continuously be implemented in the Kim Chong-il era; the Geneva agreement supports such a prediction. Still, given the latest situation in North Korea, it is not certain Pyongyang will keep its promise to improve North-South relations.

After the collapse of the socialist bloc, North Korea changed its reunification strategy from one Korea to two Koreas. North Korea began to change its strategy when it accepted simultaneous admission by North and South Korea into the United Nations, though the choice was unavoidable.

North Korea realized it would collapse if it relied solely on barter trade with socialist countries. As a result, Pyongyang began negotiations with Japan to establish diplomatic relations; these negotiations failed. Pyongyang has now been able to find a solution by normalizing relations with the United States.

This is why North Korean chief negotiator Kang Sok-chu said on 18 October that the greatest significance of the Geneva agreement is it has "brought an end to hostile relations with the United States and built trust with Washington."

Success in the talks will likely give more strength to Kim Chong-il's policy. The restricted open-door economic policy will also be strengthened.

* Exchange of Prisoners With North Studied

942C0213A SISA JOURNAL in Korean 8 Sep 94 pp 44-45

[By reporter Kim Tang]

[FBIS Translated Text] North Korean authorities recently have been drawing attention to their repeated demand for the immediate repatriation of the so-called released, unconverted, long-term convicts, Kim Kukhong (69, real name Kim In-so) and Ham Se-hwan (63). Through a review in the August 19th issue of the government bulletin, MINJU CHOSON, North Korea called the two men, who demand to be repatriated to North Korea, prisoners of war and said that the South's refusal to repatriate them was a "criminal action taken in disregard for international law and the humanitarianism of the Red Cross," according to the NAEWOE TONGSIN. This is not the first time North Korea has insisted on the repatriation of these two and other unconverted, long-term convicts. (SISA JOURNAL covered the repatriation question for the first time ever in last year's April 1st and June 10th issues). However, this is of particular interest for the fact that it is a "counterresponse" presented at a time when Minister of Foreign Affairs Han Sung-chu is visiting Norway and two other Northern European countries, seeking cooperation on the repatriation of Ko Sang-mun (46, former teacher at a girl's high school in Seoul). Ko had disappeared in Norway in April 1979 but was confirmed to be in a North Korean concentration camp for political prisoners, according to an announcement by Amnesty International made in late July. As seen from the outside, the government's official position at present is: "No comment." However, the South Korean Government in July 1992 proposed a package settlement of the issues of Yi In-mo and other unconverted, long-term convicts and South Koreans abducted to North Korea. Given that there have been no new proposals made since then, this appears to be the official position still in effect. A package settlement, in short, means to resolve all at once the issues of the abducted South Korean fishermen and others detained in North Korea and the unconverted, long-term convicts held in South Korea. This was the reason for the South Korean Government's linking the repatriation of the elderly Yi In-mo with that of the crew of the Tongjin [ship's name]. Hence, the government suggested a package settlement, its position based on reciprocity and humanitarianism in resolving the problems of the unconverted, long-term convicts and South Korea detainees in North Korea. According to the Unification Board's present understanding of the situation, there are three released, unconverted, long-term convicts (five if the two whose release and repatriation are demanded by North Korea are included) desiring to visit North Korea. Based on official government figures, over

400 persons were kidnapped to North Korea between 1955 and 1987. In light of this poor comparison, a package settlement "is honestly an unjustifiable demand," according to one Unification Board official. Therefore, for now, the government is reportedly seeking a "realistic proposal" on which the two sides can readily agree. This will be a simultaneous exchange of the unconverted, long-term convicts for Ko Sang-mun and the crew of the Tongjin. In fact, even up until July, when preparations were being made for a North-South summit, the question of South Korean detainees and unconverted, long-term convicts was one of the important items for discussion during the summit. Another was the question of divided families, which President Kim Yong-sam had said he would definitely bring up with North Korean President Kim Il-song. "At that time, when the summit talks were drawing near, anticipated items for discussion were developed centered on the Unification Board, the main ministry responsible. One of these was that when the other side brought up the issue of the repatriation of the unconverted, long-term convicts, our side would naturally bring up the issue of the repatriation of the Tongjin's crew," said a Unification Board official. Ultimately, the government reviewed positively, at the level of reuniting divided families, the issue of the unconverted, long-term convicts, who have no connections in South Korea and who desire to visit North Korea. It was thought that, if a summit meeting were held, this could be a gift to be seen by all on both sides hoping for results. Along with the repatriation of the 12 members of the Tongjin crew, the government is presently putting priority on the repatriation of Ko Sang-mun, which has become a matter of widespread public discussion due to the report by Amnesty International and large-scale coverage by the media. Upon confirming Ko's detention (North Korea insists that he voluntarily entered the country), the South Korean Government used this as an opportunity to launch an offensive on human-rights conditions in North Korea. By confirming his survival, however, the government not only obtained the right to demand Ko's repatriation, but it now has the responsibility to bring him home. Immediately after the announcement by Amnesty International, President Kim, expressing concern over human-rights conditions in North Korea, instructed his cabinet to have the Unification Board, Ministry of Foreign Affairs, and Agency for National Security Planning fully mobilize their North Korean channels and the cooperation of friendly nations to enable an early repatriation of South Korean detainees in North Korea, including Ko. The first meeting of relevant ministers on August 4th to deliberate on measures for obtaining the repatriation of South Korean detainees and the subsequent and sudden departure by Minister Han Sung-chu on a trip to visit three northern European nations were in keeping with these instructions. However, no one believes that North Korea, which has not abandoned its nuclear card despite two years of international pressure, will readily give in to diplomatic pressure and repatriate Ko. "I don't believe diplomatic pressure will bear any fruit. The Ko problem is an issue of the Unification and Security Policy Mediation Commission. Hence it is the responsibility of the Unification Board. The Ministry of Foreign Affairs will only attach importance to the creation of an atmosphere for resolving the issue through direct North-South dialogue," said one official working in an office associated with the Foreign Ministry. There appears to be no progress in the search for a solution through "North Korean channels" either. North Korea has rejected the South Korean proposal to hold North-South Red Cross talks and discuss the issue of divided families and the repatriation of South Korean detainees. According to the NAEWOE TONGSIN, North Korea, in a review in the August 15th issue of the NODONG SINMUN, flatly refused this: "The humanitarian and human-rights issues in which the South Korean Red Cross should take immediate interest and which it should resolve are to be found in South Korea." It demanded that before it insisted on the repatriation of its detainees in North Korea, South Korea should first repatriate the "prisoners of war" and the unconverted, long-term convicts it has imprisoned for over 40 years. There are presently five "unconverted, long-term convicts" about whom North Korea officially demands repatriation through party and government bulletins and through broadcasts to the South. Of these, three are former partisans, ideologically unconverted, who were released from prison after completing their long sentences. Kim Kuk-hong (Kim In-so), originally from Tokchon, South Pyongan Province, was captured on Mt. Chiri during a joint offensive by the military and police (liquidation of Red guerrillas) in December 1951. He was released after serving a 20-year sentence, but was again incarcerated for a violation of the Anticommunist Law. He was released from the Chongju Security Preventative Custody Center just before the abolition of the Social Safety Law in October 1989 and is now living in Kwangju. Ham Se-hwan, originally from Ongjin Hwanghae Province, was captured on Mt. Songni in 1953. He was released after serving a 20-year sentence, but was again incarcerated in a security protective custody center in 1975 because he refused ideological conversion. Released in 1989, he is now living in Taejon. In addition to these two men, Kim Son-myong (64, in the 44th year of a life sentence), who sets a new Guinness Book record every year for the world's longest-serving prisoner, and An Hak-sop (64, in the 42d year of a life sentence) are typical of those whose release and repatriation the North Korean authorities have been demanding. According to the Council of Families for Real Democratization [Minjuhwa Silchon Kajok Undong Hyopuihoe], representatives of which visit these men regularly, Kim is unlikely to survive in prison because of gastrointestinal disorders, high blood pressure, his failing eyesight—the result of cataracts, etc. These physical problems are due to his long penal servitude in solitary confinement. Kim was originally from Seoul and is in his 44th year of imprisonment at the Taejon Correctional Facility after being arrested on charges of spying during the war and refusing "ideological conversion." Kim has now petitioned the UN

Human Rights Commission to be declared innocent of the charges of spying against him. He was declared a prisoner of conscience by Amnesty International. An Hak-sop too is reported to be suffering from illness due to his long imprisonment. Originally from Kwanghwa Island, An was sent into South Korea in 1953. He was afterwards arrested and is in his 42d year of penal servitude at the Taejon Correctional Facility. "A plan to resolve the issue through negotiation has been prepared at the working level, so it depends on the North Koreans' attitude," commented one Unification Board official on the possibility of a simultaneous exchange of the unconverted, long-term convicts for Ko Song-mun. All eyes are on President Kim, who bears all the prerogatives and responsibilities, to see how he will solve this problem.

N-S 1994 Commodity Exchanges 'A Little Sluggish'

SK1910103794 Seoul YONHAP in English 1013 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—Commodity exchanges between South and North Korea has been a little sluggish this year compared with last year while inter-Korean dealings in the form of processing on commission have been brisk.

A figure compiled by the Ministry of Trade, Industry and Energy showed Wednesday [19 October] inter-Korean commodity exchanges amounted to 151.64 million dollars in the first nine months of this year, down 2.4 percent from the like period of last year.

A ministry official said the decline was due mainly to a sharp decrease in the shipment to the South of gold and zinc ingots, North Korea's major exports items.

Items brought into the South from the North totaled 138.77 million dollars in the January-September period, a decline of 7.7 percent from a year before.

Shipment to the North amounted to 12.87 million dollars, a jump of 158 percent, thanks chiefly to brisk processing on commission.

Inter-Korean dealings in processing on commission amounted to 20,960,000 dollars in 59 cases in the nine-month period of this year, a 3.7 time rise over the like period of last year, according to the figure.

Promotion of N-S Economic Cooperation Discussed

SK2010114894 Seoul KBS-1 Radio Network in Korean 0900 GMT 20 Oct 94

[FBIS Translated Text] It has been learned that South-North economic cooperation, which will be carried out full-scale with the resolution of the North Korean nuclear issue, will be centered around small and medium businesses.

A high-ranking government official said if conglomerates take the initiative in economic cooperation, there may be such side effects as excessive competition among the conglomerates and overlapping investments. Thus, he added, economic cooperation will be centered around small and medium businesses.

Along with this, the government is also examining setting limits on the amount of investment money in order to minimize the risk during the initial stage of economic cooperation.

It has also been learned the government will announce measures in the near future containing the methods and content for economic cooperation.

DPRK Proposes Joint-Venture Plant With Japan

SK2010003394 Seoul TONG-A ILBO in Korean 18 Oct 94 p 2

[Report by YONHAP from Tokyo]

[FBIS Translated Text] Officials of the Koei Steel Corporation (headquarters: Osaka), a major electric furnace manufacturer of Japan, made public on 17 October that North Korea had recently proposed the joint construction of a plant for manufacturing welded steel pipes in the Tumen River area, adding that they would make a decision as to whether to participate in the joint venture project after conducting an in-depth examination of the project.

The Koei officials also made public that they would present North Korea with a plan to modernize and rationalize a rolling mill of the Chollima Iron Plant of North Korea sometime this month.

The Koei officials added: If there are no unusual problems in North Korea's political situation, we plan to lay the groundwork for advancing into North Korea in preparation for the possible unification of the South and North in the future. We are studying North Korea's proposal for building a joint-venture plant for manufacturing welded steel pipes in the Tumen River area from such a viewpoint.

U.S. Said Considering Lifting Embargo of North

SK2010122494 Seoul MUNHWA ILBO in Korean 20 Oct 94 p 1

[FBIS Translated Text] As a result of the settlement in the nuclear negotiations, the United States has begun to study lifting the embargo against North Korea.

According to the Korean Trade Promotion Corporation and diplomatic sources on 20 October, the United States will take steps to ease trade restrictions on North Korea by including in the basic document of the North Korean-U.S. agreement the promotion of investment in North Korea and the partial easing of investment restrictions on the North.

The United States has defined North Korea as a communist and embargoed country in accordance with its law restricting trade with communist countries, the Export Management Law, and the Commercial Law restricting various economic activities, including trade with North Korea.

However, diplomatic sources said that according to the outcome of negotiations between North Korea and the United States, the United States has considered taking steps to exclude North Korea from being subject to the "law restricting trade with communist countries" effectuated in 1950, doing so in order to improve relations with North Korea.

President Clinton himself can take such steps without the approval of Congress.

Because the "Export Management Law" that controls foreign exports in light of U.S. national security can be extended by presidential order after its expiration, the United States is likely to revise it without congressional approval. Accordingly, the United States has considered excluding North Korea from its "Z Group," which is the group of embargoed countries.

The U.S. Administration has seriously considered revising the "Commercial Law" that applies to communist countries a customs rate 30 percent higher than the average rate, which works out to be five times greater than the average rate. If the Commercial Law is revised, the United States will treat North Korea as a most favored nation.

Such steps will predict if there will be the rapid changes, qualitatively or quantitatively, in commercial relations between North Korea and the United States in the future.

A concerned official of the Korean Trade Promotion Corporation said "competing countries in the West have made the first advances into North Korea," and "therefore we should be in a hurry to secure a North-South channel of dialogue to take steps to build trust in North Korea, and to multilaterally engage in economic cooperation with North Korea."

South Urged To Cope With Change in U.S. Policy

SK2010132594 Seoul CHOSON ILBO in Korean 20 Oct 94 p 3

[Editorial: "A New Concept of ROK-U.S. Relations"]

[FBIS Translated Text] Among the changes implied in the U.S.-North Korean agreement, the changes in the nature of South Korean-U.S. relations have significant meaning for our future. In making it policies, the United States is turning from the ROK to the Korean peninsula as a whole. In other words, U.S. policy toward the ROK is turning into a policy toward the entire Korean peninsula, including North Korea.

The recent nuclear negotiations clearly show the United States does not want reunification on the Korean peninsula, the exact reunification initiated by the ROK. It is natural for the PRC not to want a reunified Korean peninsula across its border; it needs North Korea as a buffer. Russia is also obviously trying to use North Korea as a lever [chirettae] in its ROK policy, and accordingly it also needs the existence of North Korea. It has been learned the PRC and Russia secretly agreed to save North Korea during the Jiang Zemin-Boris Yeltsin summit held in Moscow in early September. It is also well known that Japan does not want the Korean peninsula to become a strong, reunified country.

In aligning [tongjo] itself with the three neighboring countries, the Clinton administration has finally decided to participate in saving North Korea from international isolation and economic difficulties. Scalapino, who is close to the Democratic-led U.S. Administration, explained in a TV interview on 18 October that the United States has taken the option of drawing North Korea into the international community and inducing it to open up, instead of taking the option of blockading the North. His statement is worth paying attention to. The U.S.-North Korean agreement is the result of this U.S. policy change. We must realize that the reunification of the Korean peninsula is impossible for a long time to come because of the positions of these four strong countries, including the United States. We must remember that only the consent of the strong neighboring countries made the reunification of Germany possible.

Now, as the basic direction of the U.S. policy has changed, we also have to properly change our countermeasures. The United States has signed a defense treaty with us and has stationed its troops here, and is our partner with whom we have vigorous economic exchanges. The United States is very important to us. However, we cannot just follow the U.S. change in spirits. If we made a critical mistake in the course of U.S.-North Korean negotiations, it was in failing to understand the change in U.S. policies and in relying only on the Foreign Ministry's begging diplomacy [chorunun oegyo] with the United States, which called for ROK-U.S. cooperation.

We should break from the single-track diplomacy of depending only upon the United States. It is quite possible to do so while still maintaining the traditional friendship between the two as well as the practical interests of both sides. We should be able to expand our own relations with Russia and the PRC as much as the United States intervenes in North Korea. By the same logic, we should reflect on whether we have ever assumed a low-profile diplomacy toward Russia and the PRC, expecting their influence in North Korea. We have now entered an era in which we have to play a multilateral game [tajagan geim], keeping in step with the establishment of the self-governing "northeast political zone."

U.S. Plans To Replace, Reduce 'Team Spirit'

SK2010004694 Seoul YONHAP in English 0036 GMT 20 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—With the Washington-Pyongyang nuclear accord ready for formal signing, South Korea and the United States plan to replace the joint military exercise "Team Spirit" with other maneuvers that are much smaller in scale.

An agreement to this effect is expected to be reached between the two allies during U.S. Secretary of Defense William Perry's visit to South Korea, according to a government official. Perry is scheduled to arrive in Seoul Thursday night.

The scale of the new joint Seoul-Washington military exercise and when to conduct it are reportedly being studied by the ROK-U.S. military committee meeting, a body under the ROK-U.S. security consultative meeting.

The government official said, "now that the resolution of the North Korean nuclear issue is in sight under the Washington- Pyongyang nuclear agreement, the government finds it undesirable to conduct Team Spirit in the future.

"The new type of joint ROK-U.S. military exercise that will replace Team Spirit will be much smaller in scale than Team Spirit, with participating forces reduced and the period shortened," he said.

Noting that the new exercice will be conducted under the Seoul- Washington mutual defense treaty and that the North also conducts large-scale military maneuvers, the official observed that it wouldn't seriously affect inter-Korean relations.

Secretary of State Christopher Plans Nov Visit

SK1910115694 Seoul YONHAP in English 1151 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—U.S. Secretary of State Warren Christopher is set to visit Seoul on Nov. 8 for a three-day official visit.

In Seoul Secretary Christopher is expected to pay a courtesy call on President Kim Yong-sam and discuss with Foreign Minister Han Sung-chu a set of follow-up measures the two countries are to take in connection with the conclusion of nuclear talks.

A diplomatic source said the Han-Christopher talks would be centered on ways to ensure North Korea's nuclear transparency and to assist in the construction of light-water reactors in North Korea.

Meanwhile, U.S. Nuclear Ambassador Robert Gallucci, who was the chief U.S. negotiator at the just concluded nuclear talks in Geneva, is expected to drop into Seoul on his way home from Geneva where he would sign a U.S.-North Korea agreement on the nuclear issue on Friday [21 October]. Gallucci's visit will be mainly to discuss the formation of an international consortium for the support of the construction of light-water reactors in North Korea, the source said.

Pusan Group Seeks Reclamation of U.S. Base

SK2010100894 Seoul YONHAP in English 1002 GMT 20 Oct 94

[FBIS Transcribed Text] Pusan, Oct. 20 (YONHAP)—The Pusan Alliance for Democracy and National Unification has decided to launch a public campaign to regain the land of the U.S. military Hialeah compound which it said is standing in the way to Pusan's city development programs.

In a press conference Thursday [20 October] afternoon, alliance Chairman Pae Ta-chi said the U.S. military should return the land of the Hialeah compound to the city as the base, located in the downtown area of Pusan, blocks the creation of necessary new roads aggravating traffic conditions in the area.

"Now that most of the personnel of the compound have withdrawn, the land of the base should be returned to Pusan citizens," Pae said.

The chairman said a civil leaders meeting will be held on Nov. 9 to discuss the formation of a campaign preparatory committee and full-fledged public drives like a signature collection will kick off next January.

The Hialeah compound, created during the height of the 1950-53 Korean War, extends 566,000 square meters at Yonji-tong, Pusanjin- ku.

The compound once housed thousands of troops. Now its personnel number no more than several hundreds.

Seoul, PRC Sign Atomic Power Plant Accord

SK2010102494 Seoul KBS-1 Radio Network in Korean 0900 GMT 20 Oct 94

[By correspondent Pak Tae-sok from Beijing]

[FBIS Translated Text] This week, South Korea and the PRC signed a tentative agreement on the peaceful use of atomic energy and a protocol on atomic energy safety. Therefore, the ROK has secured a favorable position to take part in the construction of the one-million-kilowatt-class atomic power plant that the PRC is promoting.

On 20 October Hwang Pyong-tae, ROK ambassador to the PRC, revealed that the director in charge of the Chinese State Science and Technology Commission and the director of the International Economics Affairs Bureau of the South Korean Foreign Ministry signed the tentative agreement and protocol on atomic energy cooperation in Beijing on 18 October. Ambassador

Hwang also said PRC Premier Li Peng will officially sign this agreement and protocol when he visits Seoul early next month.

An official for ROK-PRC relations said the PRC Government is currently planning to build 12 atomic plants in Liaoning, Shandong, and Jiangsu Provinces; the PRC is tapping Russia, France, Germany, and the ROK for participation.

To take part in building China's atomic power plant, conclusion of the related agreement and protocol must be carried out first. If the finishing touches for the procedure for the official signing of the agreement are carried out early next month, it is felt our country will be the first to dash into the construction of the one-million-kilowatt-class atomic power plant.

Seoul-Beijing, Seoul-Tianjin Fares Compared

SK1910084994 Seoul YONHAP in English 0837 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—Domestic and Chinese airlines are likely to charge less for a seat on the Seoul-Beijing route than on the Seoul-Tianjin route when they begin direct Seoul-Beijing service next month, industry sources said Wednesday [19 October].

The airlines will set the fare for a one-way ticket on the Seoul- Beijing route at about 297 dollars (240,000 won), compared with 330 dollars for a one-way ticket on the Seoul-Tianjin route, according to the sources.

Fares for tickets on the Seoul-Tianjin, Seoul-Qingdao, Seoul- Shenyang and Seoul-Shanghai routes will be set on the basis of the Seoul-Beijing price, the sources noted.

Ministry of Transportation officials said airlines from the two countries have been negotiating on how to compensate for any discrepancy in revenues between carriers operating on the same routes.

Chinese airlines insist that carriers from one country which take in 20 percent or more income than those from the other side should pay 15 percent of the income exceeding the 20-percent level to the airlines with lower profits, the officials disclosed.

Korean Air and Asiana Airlines, meanwhile, maintain that compensation should be given only when airlines from one country garner more than 30 percent of the revenues made by carriers from the other nation.

The airlines did agree, during ongoing negotiations on routes and fares, to open a direct route between Seoul and Beijing which takes one hour and 40 minutes, one and a half hours less than the current Seoul-Shanghai-Beijing route, the officials said.

Flights on the direct Seoul-Beijing route will pass over the Yellow Sea, Dalian and Tianjin, they said.

The ministry, in the meantime, recently gave permission for Korean Air to fly on the Seoul-San Francisco-Dallas route and the Seoul-Chicago-Atlanta route starting in mid-December, while allowing Asiana to service the Seoul-Detroit route in cooperation with Northwest of the United States beginning Oct. 30.

Asiana will also be allowed to launch service on the Seoul- Seattle route next year, the officials said.

The number of routes between Seoul and U.S. cities flown by domestic airlines, therefore, is being increased to 12 from the previous eight.

Seoul, PRC Hold Forestry Cooperation Meeting

SK1910080794 Seoul YONHAP in English 0759 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—South Korea and China held their first forestry cooperation meeting Wednesday [19 October] and agreed to work together to conserve the forest ecology and control air pollution.

The meeting was attended by South Korean Forestry Administrator Kwak Man-sop and Chinese Forestry Minister Xu Youfang.

During the meeting held at the Forestation Administration, the two countries also reached a 10-point agreement which calls for exchanges of scientific and technical reports and information.

Other major points of the agreement are forest genetics research, establishment of reforestation and forest management systems, forest products processing and trade, manufacture and development of forest resources, and prevention of forest diseases and insect pests.

Later in the day, the Chinese delegation called on Agriculture, Forestry and Fisheries Minister Choe In-ki at his office.

The Chinese delegation is scheduled to tour major forestry-related sites and facilities in the country.

President Meets Pakistani Economic Delegation

SK2010033194 Seoul YONHAP in English 0251 GMT 20 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—President Kim Yong-sam pledged Thursday to increase economic cooperation with Pakistan in a meeting with a five-member economic mission from the West Asian country headed by Lower House member Asif Ali Zardari.

The husband of Pakistani Prime Minister Benazir Bhutto, Zardari said his country has decided to support South Korean Trade, Industry and Energy Minister Kim Chol-su in his campaign to become the first secretary-general of the World Trade Organization (WTO), senior Press Secretary Chu Ton-sik said.

Chu quoted President Kim as voicing strong willingness to promote economic cooperation with Pakistan, a nation with which South Korea has maintained somewhat distant relations.

Composed of 56 government officials and businessmen, the Pakistani delegation arrived in Seoul Tuesday for a five-day visit to hold an investment seminar and tour South Korean businesses.

Goldstar 'Sole Official Sponsor' of UN Events

SK2010101694 Seoul YONHAP in English 0813 GMT 20 Oct 94

[FBIS Transcribed Text] New York, Oct. 20 (YONHAP)—South Korea's Goldstar Co., Ltd. has been selected as the sole official sponsor for the various events commemorating next year's 50th anniversary of the United Nations.

A Goldstar spokesman said the company will participate in the world body's commemorative events as a representative of the international electronics industry.

Goldstar Vice President No Yong-ak signed a sponsorship agreement here Wednesday [19 October] with UN Undersecretary-General (Special Advisor for Public Policy) Gillian M. Sorensen at UN headquarters.

Under the agreement, Goldstar pledged to provide 5 million dollars in financial support, which includes 3.5 million dollars in cash.

The spokesman said his company will use the commemorative emblem in all public relations activities next year including foreign and domestic advertising, exhibitions and sales promotions.

In addition, the Goldstar logo will appear on banners at all UN- organized anniversary events including seminars, concerts, and art exhibitions.

The company's participation will be highly effective in publicizing its global activities and implanting brand awareness in the minds of consumers around the world, the spokesman noted.

'Hard-Liners' Within Ruling Party Denounced

SK1910121394 Seoul MUNHWA ILBO in Korean 19 Oct 94 p 3

[Editorial: "Discord Within the Ruling Party"]

[FBIS Translated Text] Domestic reaction to "the North Korean-U.S. agreement" reached during the Geneva talks can be generally summarized as "not satisfactory, but positively evaluated." It seems the background behind such an evaluation lies in expectations that the agreement will serve as a momentum to defuse the nuclear crisis on the Korean peninsula and improve inter-Korean relations, which have long been crippled by the nuclear issue. The ruling and opposition parties do not seem to differ over such an evaluation, at least officially. However, there is a major gap in their basic stance and view. The ruling party has assumed a stance of "inactive acceptance," meaning they have no choice but to reluctantly accept the results despite their dissatisfaction. In sharp contrast, the opposition party has expressed an "active welcome," saying the agreement is a new beginning for improving North-South relations. To put it in a word, the ruling and opposition parties seem to have assumed reversed stances.

What is more, leaders of the Democratic Liberal Party [DLP], in a consultation meeting held on the afternoon of 18 October, made critical remarks about the government. The DLP lawmakers called for the resignation of the foreign affairs and security team, even stating that "President Kim Yong-sam should apologize to the people for lying."

In light of this, we cannot but cast doubts on whether a breakthrough will be made in inter-Korean relations when the ruling party assumes such a hawkish stance. The discord stems from the nature of the DLP and the government in which hard-liners, who have not scrapped the Cold War concept of confrontation, still exist, especially the majority of those hard-line lawmakers who belong to the National Assembly Foreign Affairs-Unification Committee. They found fault with the government's "realistic diplomacy," particularly the "dovish" policy toward North Korea, whenever there was a chance.

North-South relations have a distinctive quality of "duplicity." First, the North and South are the concerned parties to the Cold-War concept of confrontation, both of them having experienced a war. Second, they are each other's companion, having a responsibility to independently yield reconciliation, coprosperity, and unification. On account of this, North-South relations would sometimes enter a Cold-War confrontation phase. However, North-South relations are meant to eventually move along the road of seeking cooperation through dialogue.

Because of this, the extreme rightists are widely denounced for their anachronistic notions. At a time when the government should accelerate dialogue so as to lure North Korea to openness, the existence of hard-liners within the ruling party who have anachronistic notions, and not the opposition party, will be a major burden to our country. This is the reason the ruling party should calm such views before persuading citizens.

Kim Criticizes People With 'Rusted Conscience'

SK1810130994 Seoul YONHAP in English 1009 GMT 18 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 18 (YONHAP)—President Kim Yong-sam said Tuesday there still are "some people with rusted conscience who defame others though they have to reform themselves."

"Those with rusted conscience should reflect on and change themselves before criticizing others," he said.

President Kim made the remarks during a luncheon he hosted at Chongwadae [presidential offices] for a group of 19 senior officials of the Board of Audit and Inspection.

According to Chongwadae spokesman Chu Ton-sik, Kim complained that "those people who are actually subject to reform, raise the voice of reforms as if they are in the position of reforming others."

President Kim went on to say that among those posing as self- styled standardbearers of renovation, there are some with "rusted conscience" who inherit huge amounts of properties to their offsprings, live in deluxe mansions and indulge in defaming others.

Discussing the president's remarks, a Chongwadae official said the president must have expressed the belief that if "anti-reform people" keep behaving the way they did in the past without changing their old-styled way of thinking, they cannot be left unchecked from the angle of reform.

Lawmaker Files Suit Against Former Presidents

SK1910062694 Seoul YONHAP in English 0553 GMT 19 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 19 (YONHAP)—People implicated in the 1980 "Kim Tae-chung-attempted insurrection case" filed suit Wednesday against 10 ex-military junta members, including former Presidents Chon Tu-hwan and No Tae-u, on charges of murder and attempted murder aimed at rebellion.

The then-martial law command indicted Kim Tae-chung and 36 others on charges of attempted insurrection on July 31, 1980, and sentenced Kim to death on Sept. 17, a verdict which was later commuted to life in prison.

Twenty-two complainants, among them Rep. Kim Sang-hyon of the opposition Democratic Party, asserted in a press conference held at the National Assembly vip restaurant: "The defendants including Chon Tu-hwan and No Tae-u, in a bid to accomplish a rebellion, indicted Kim Tae-chung and the complainants on a fabricated charge of attempted insurrection. They even attempted to kill Kim Tae- chung, only to be thwarted by strong pressures at home and abroad."

The suit also maintained, "in an extension of the Dec. 12, 1979, coup, the defendants overthrew state agencies established under the constitution or made it impossible for them to exercise their prerogatives, not through constitutional or legal procedures but by coercion. Therefore, their actions constitute the crimes of murder or attempted murder aimed at rebellion."

The defendants, besides Chon and No, are Rep. Chong Ho-yong, then a member of the National Security Emergency Measures Committee, Yi Hui-song, martial law commander, Chu Yong-pok, defense minister, and Yi Hak-pong, chief investigator of the Joint Investigation Headquarters. The rest are Rep. Ho Hwa-pyong, then chief secretary of the joint investigation headquarters, Rep. Ho Sam-su, then bureau director of the joint investigation headquarters, and the then- commanding generals of the 30th Army division and 101st regiment.

Former POSCO Executive Volunteers To Appear

SK1510080794 Seoul YONHAP in English 0735 GMT 15 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 15 (YONHAP)—Pak Tae-chun, former chairman of Pohang Iron and Steel Co. (POSCO), will present himself at the prosecution next week in connection with his suspended indictment on charges of bribery and embezzlement.

Through his attorney Kim Yu-hu, Pak Saturday submitted a letter to the prosecution expressing his intention to "voluntarily appear" before the prosecution early next week, the prosecutors' general office disclosed.

Following the inauguration in February 1993 of the Kim Yong-sam administration, Pak was indicted for receiving 3,900 million won (4,875,000 U.S. dollars) in bribes.

Upon investigating him on the charges, the prosecution plans to determine whether to take a legal action against Pak.

A pertinent official said Saturday, "in view of equilibrium in the execution of law, Pak's detention appears to be unavoidable." The figure of the bribes he is suspected of having taken is the record high in the history of graft cases, and some involved in the case have already been punished under law, he noted.

8 Air Force Personnel Arrested for Embezzlement

SK2010072894 Seoul YONHAP in English 0720 GMT 20 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—Four Air Force officers, including a colonel, one warrant officer and three enlisted men involved in managing an Air Force golf course have been arrested on charges of embezzlement and bribery, the air force disclosed Thursday [20 October].

Col. Choe Pyong-chol, ex-deputy commander of the Air Force Welfare Service and Support Group, and seven others are suspected of having embezzled over 320 million won (400,000 U.S. dollars) in greens by understating the number of civilians admitted to the golf course.

The Air Force is also investigating a Brig. Gen. Sin, a former fighter wing commander, who is suspected of taking more than 70 million won in bribes in return for overlooking the scam.

Three majors who took charge of the golf course, operated by the Welfare Service and Support Group since the end of 1992, in collusion with their subordinates, allegedly diverted 320 million won in admission fees and embezzled over 95 million won.

Col. Choe allegedly embezzled 165 million, delivered to him by two of the three majors, according to the Air Force.

The golf course scam was uncovered in the course of a special inspection of Air Force units across the country that started Oct. 15, the Air Force said.

Seoul Decides To Relax Limits on Telecom Makers

SK1510020294 Seoul THE KOREA HERALD in English 15 Oct 94 p 8

[FBIS Transcribed Text] The government has decided to relax the limits for domestic telecommunications equipment manufacturers on the ownership of shares in telecom operators.

Currently, an equipment manufacturer is allowed to possess a maximum 3 percent share of a wired phone service company and a maximum 10 percent share of a wireless communications service provider.

These share ownership limits will be raised to 10 percent for a wired phone operator and to 33 ⅓ percent for other telecom operators.

This decision provides the basis for domestic chaebol groups to participate in the telecom industry, in which a massive restructuring is expected to take place in the near future.

The new share ownership policy was made at a meeting yesterday between Minister of Communications Yun Tong-yun and Minister of Trade, Industry and Energy Kim Chol-su who have been locked in a confrontation over the issue. New Deputy Prime Minister Hong Chae-hyong presided over the meeting.

Minister Yun, who is in charge of the telecom policy, had been opposed to raising the share ownership ceilings for telecom equipment manufacturers.

The main reason for his opposition was that, when allowed to participate in the telecom service business, equipment manufacturers may seek a vertical integration from equipment production to service provision.

This type of integration, so goes the logic, may cause a monopoly in some fields of telecom service which will ultimately lead to deterioration of service quality.

In addition, Yun was concerned that the participation of equipment manufacturers in the telecom business would further concentrate economic power within a few big chaebol groups.

In fact, most of the nation's big equipment producers are subsidiaries of chaebol groups and it is certain that their participation in the telecom service business will add more economic might to their parent groups.

Against this argument, equipment manufacturers, and their patron, the Ministry of Trade, Industry and Energy (MOTIE), asserted that the domestic telecom industry cannot be restructured without the participation of equipment manufacturers.

They also noted the rapid progress in telecom technology tends to encourage the integration of hardware producers, software developers and service providers. This means, they asserted, the quality of telecom service will improve, rather than deteriorate, when equipment and service is provided by one and the same company.

At yesterday's policy coordination meeting, Minister Yun made concessions, saying that his concern about a possible monopoly in the telecom business had been alleviated by the planned revision of the Fair Trade Law.

Yun's ministry will draw up a revision to the Communications Business Act based on yesterday's decision and submit it to the National Assembly for approval. When passed, the new law will take effect next year.

The new share ownership limits will enable, among others, the Lucky-Goldstar Business Group to raise its share of Dacom, a data communications firm which also offers overseas phone service, to 10 percent.

A group with a subsidiary engaged in telecom equipment production, Lucky-Goldstar is not allowed to possess more than 3 percent of Dacom. Despite this regulation, however, the group managed to collect over 9 percent of the company's stock by mobilizing firms which are not its direct subsidiaries but maintain close ties.

"We will raise our share of Dacom up to the legally allowed limit," a Lucky-Goldstar official said.

Currently, the main private shareholder of the state controlled telecom firm is the Tongyang Business Group which holds a 10 percent share. In addition to Lucky-Goldstar, other chaebol groups may also seek to purchase Dacom shares when the government proceeds with a privatization program for the company.

Daewoo Offering Stocks on New York Exchange

SK1610052194 Seoul THE KOREA HERALD in English 16 Oct 94 p 8

[FBIS Transcribed Text] Daewoo Heavy Industries Ltd., which recently merged with Daewoo Shipbuilding & Heavy Machinery Ltd., is offering its stocks on the New York bourse in an effort to attract foreign capital, a Daewoo spokesman said yesterday.

Daewoo Vice Chairman Yun Yong-sok will lead a delegation to major U.S. cities starting today to hold seminars aimed at drawing the attention of American investors, said the spokesman.

Daewoo will also engage in activities designed to draw investors in Japan and European countries late this year, he said.

The company plans to start negotiations with relevant authorities here and in the United States on procedures to register its shares with the New York Stock Exchange as soon as it finishes fostering an atmosphere conducive to investors.

POSCO Chief Signs To List Stocks on NYSE

SK1510060194 Seoul YONHAP in English 0526 GMT 15 Oct 94

[FBIS Transcribed Text] Pohang, North Kyongsang Province, Oct. 15 (YONHAP)—Pohang Iron and Steel Co. (POSCO) Chairman Kim Man-che signed a contract Friday [14 October] to list the company's shares on the New York Stock Exchange (NYSE), a POSCO spokesman said Saturday.

Chairman Kim signed the contract with the NYSE at a ceremony held at 21 Club in New York around 11:30 AM local time (01:00 Saturday KST), the spokesman said.

This marks the first time for a South Korean firm to be listed on the NYSE, said the spokesman, who added that POSCO became the second foreign steel firm to join the NYSE after British Steel.

POSCO stocks gained 1.75 dollars per share at the end of their first day of trading on the NYSE over the standard price of 35.5 dollars.

The total volume of POSCO stocks traded during the Friday session reached 1,559,900 depository receipts (DRs) or 18.5 percent of the total DRs issued on the NYSE, he said.

Under the contract, POSCO will issue a total of 8,450,704 DRs at the NYSE while the original stocks for the DRs are kept at the Korea Securities Depository.

POSCO plans to invest the roughly 300 million dollars raised by the issuance of the DRs in production facilities, the spokesman said.

The New York Bourse, established in 1792, is the world's largest stock exchange with a total listing of 2,360 firms, including 160 foreign firms from 31 countries.

There are more than 131 billion shares listed on the NYSE and daily trading volume reaches 264 million shares, the spokesman said.

International Status 'Elevated'

SK1510001394 Seoul YONHAP in English 1212 GMT 14 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 14 (YONHAP)—Pohang Iron and Steel Co. (POSCO) on Friday [14 October] became the first South Korean firm to be listed on the New York Stock Exchange.

The second largest steelmaker in the world, POSCO plans to float up to 300 million U.S. dollars in shares as a means of raising capital overseas, the firm said.

POSCO's listing was made by way of issuing depository receipts with shares deposited at the stocks depository in Seoul.

Except for American Steel Companies, POSCO is the second steel firm to be listed on the New York Stock Exchange following British Steel.

The move drew attention from business circles in that it has elevated South Korea's status in the international money market.

POSCO plans to seek listing on the London and Tokyo Stock Exchanges as well in the future.

* Oil Companies in 'Turf War' for Market Share

942C0212C Seoul SINDONG-A in Korean Sep 94 pp 488-489

[By reporter Yi Chae-yol: "A Dog-Eat-Dog Fighting: Oil Refiners in 'Turf War']

[FBIS Translated Text] A big disturbance is taking place in the oil refining sector. The recent decision of Miryung Trading Company, the largest independent agent of Yukong, to terminate its 32-year-old business ties with Yukong and sign new contracts with Hyundai Oil Refining Company triggered a fierce turf war among oil refining firms involving agents and gas stations.

Especially, the case of Miryung Trading Company, a major agent owning 37 gas stations and seven LPG [liquefied petroleum gas] filling stations, has escalated to litigation as both Yukong and Miryung applied for an injunction to "forbid disposition of the trademark display and change in the present condition."

At a glance, the dispute touched off by Miryung could appear to be a matter between Yukong and Hyundai. However, in fact, according to the prevailing view, it will have a direct impact on three other firms—Honam Oil Refinery, Kyung-In Energy and Ssangyong Oil Refining—and generate sweeping changes in the market shares of the five companies. Therefore, Yukong, fearing that the loss of Miryung could trigger a domino phenomenon against the rest of its affiliated agents and filling stations, is resorting to litigation and all other available measures.

In particular, Choe Chong-hyon, chairman of the Sunkyong Group, who normally would not come to the forefront in affairs relating to affiliated firms, recently spoke at a meeting of presidents of the group's affiliated companies. He said: "Trying to snatch an agent that another company has developed with great efforts is unethical." His direct comment on the Miryung Trading Company issue has drawn public attention.

Hyundai Oil Refining Company responded by arguing that there is nothing wrong with trying to expand the sales network through legitimate competition as long as it violates no laws. Also, Pak Ui-won, president of Miryung Trading, told reporters early this month that "we decided to shift our business from Yukong to Hyundai Oil Refining of our own free will," clarifying his position.

A turf war like this is nothing new among oil refiners. There has been a market-share battle once every few years, beginning with the octane-number race in the 1980's. Nevertheless, a widespread view is that the sales war laid bare by the Miryung Trading issue, unlike previous similar cases, was caused by an irrational system and a supply-demand imbalance.

To guarantee the quality of products they sell and to protect consumers, the government in July 1992 introduced a system requiring filling stations to display the trademark indicating their oil refiner. Subsequently, it issued permits to refiners for new or additional refining facilities by far exceeding the growth level in consumption. All this led refiners to stake the future of their companies in a sales war, according to a prevailing view among analysts.

Therefore, the physical and legal battles between Yukong and Hyundai only pushed into the open a sales network race that had been going on in the oil-refining sector. The only question was who would fire the first shot, and when. It is no exaggeration to say that an apple of discord was there all these years.

Latecomers in the oil-refining industry such as Ssangyong and Hyundai insist that the series of measures taken by the government on the one hand protects the two early entrants—Honam and Yukong—and allows them to maintain their combined market share of 70%, while on the other hand it prevents latecomers from expanding their sales networks. The latecomers are unhappy in particular with the government approval of plans to let the five refiners spend 3,500 billion won for massive construction projects to expand their present facilities for a combined production of 1.713 million barrels by 776,000 barrels in refining facilities and another 335,000 barrels in heavy oil and desulfurizing facilities by 1997. They complain that the government is fanning the market-share race.

The attempt of Hyundai Oil Refining to gain the partnership of Miryung Trading is viewed as an attempt to find a new marketing route in preparation for such massive construction of new or additional facilities in the oil refining sector.

Hyundai Oil Refining, inaugurated in July last year by taking over Kukdong Oil Company of the Hyundai Group, has adopted "Oil Bank" as its CI (corporate identity) this year. At the same time, it has increased the number of its filling stations from 420 to 492, and its market share by 0.4% from 7% last year to 7.4%.

By contrast, Yukong's market share, which was 38.7% at the end of last year, remains the same, while that of Honam Oil Refinery fell 0.2% from 13.6% to 13.4% during the same period. Ssangyong, which reduced its gasoline prices, was found holding to a 12.2% level.

The early entrants also have much to say about complaints being voiced by latecomers. Yukong, for instance, protests that if latecomers want to increase their market share, they should develop new agents and filling stations of their own, and should not try to unethically snatch agents and filling stations which another company has developed through great effort.

At any rate, the turf war among oil refiners is shifting into real sales competition, emerging from a "commercial ethics" versus "business" argument to save face. Unquestionably, the "turf war" of oil refiners for shares in a market worth 13 trillion won—the 12th largest in the world—will continue to heat up.

Hyundai Motors Develops Hydrogen-Fueled Car

SK2010100494 Seoul YONHAP in English 0821 GMT 20 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 20 (YONHAP)—Hyundai Motor Co., in collaboration with Seoul National University, has successfully developed the country's first hydrogen car, the firm announced Thursday [20 October].

The newly developed car has a hydrogen fuel engine mounted in the existing "Accent" model, equipped with an electronically controlled fuel supply system through which hydrogen fuel is injected directly into the cylinders.

A total of 3 billion won (375,000 U.S. dollars) has been invested in the project that was launched in 1991, according to Hyundai.

The development of a hydrogen vehicle, together with that of an electric car, is among the seven major high-tech projects promoted by the government since 1993. Hydrogen cars have thus far been developed only in the United States, Japan and Germany.

If the new car actually runs on the highway, it will boost Hyundai's auto exports to the United States as the state of California has set new requirements for low-polluting vehicles from 1997, the firm said.

Burma

Correspondent Discusses Sentencing of Dissidents

BK2010034494 London BBC in Burmese to Burma 1345 GMT 19 Oct 94

[Report from correspondent Larry Jagan]

[FBIS Translated Text] Five Burmese dissident, who were tried almost a month ago, were last week sentenced by a court inside the Insein Jail. U Khin Zaw Win, a former UNICEF officer, was given 15 years for spreading false news, contacting anti-SLORC [State Law and Order Restoration Council] organizations, violating the Official Secrets Act, and violating exchange regulations.

Writer Daw San San Nwe was given ten years for spreading false news injurious to the SLORC while her daughter, Ma Myat Moe Moe Tun; U Khin Maung Swe, an NLD [National League for Democracy] member; and U Sein Hla U, a journalist were given seven years on similar charges.

According to reports from Rangoon they were tried inside the Insein Jail, where they have been detained, because a trial outside the jail would attract a lot of spectators.

U Khin Zaw Win was arrested at Rangoon airport as he was about to board a plane for Bangkok. Government authorities claimed they found computer diskettes containing secret reports of the Ministry of Energy and anti-SLORC documents. U Khin Zaw Win, a 44-year-old dentist, served at the UNICEF office in Rangoon from 1991 to 1992 and was studying in Singapore. At the time of his arrest he was compiling data on political developments in Burma during a month- long visit to Rangoon for his graduate course research. Four other persons were arrested a month after his arrest. Three of them—U Khin Maung Swe, U Sein Hla U, and Daw San San Nwe—have been jailed previously for their links with NLD activities and other political charges. The three of them frequently met with diplomats in Rangoon and occasionally with visiting foreign journalists.

There was strong international condemnation of the SLORC at the time of the arrests and it is expected that further international action will follow the handing down of such severe sentences. Last month the European Union raised strong objections to the SLORC government and, according to source at the United Nations, German Foreign Minister Klaus Kinkel raised this matter during his recent meeting at the UN with Burmese Foreign Minister U Ohn Gyaw.

Opposition Figure Aung Gyi Retires From Politics

BK2010042894 Hong Kong AFP in English 0400 GMT 20 Oct 94

[By Sonmo Wai]

[FBIS Transcribed Text] BANGKOK, Oct 20 (AFP)—A prominent Burmese opposition figure, seen by many as the catalyst for the 1988 democracy movement, has announced he has "given up politics and will never return," according to a Burmese-language journal.

Former Brigadier General Aung Gyi, 75, told the Rangoon-based economic publication KYEEBWAYE that his popularity was at an end, and he had decided to become a businessman.

"As a good politician, I know that this is the time to leave politics," Aung Gyi was quoted as saying in the latest edition of the monthly.

The state-sanctioned journal said Aung Gyi had also abolished the Union National Democracy Party (UNDP) which he founded in December 1988, and had cancelled its registration.

The former army officer had set up a private company called the Dinger Company Ltd., and had signed a total of 25 agreements with Kuala Lumpur-based Napos Lions Group, KYEEBWAYE said.

The firm and its partner have agreed to invest in banking, construction, communications, industry and agricultural projects in Burma, he was quoted as saying.

Aung Gyi's official retirement marks the end of an incendiary political career which spanned more than half a century. Born in 1919, he participated in the country's earliest independence bid and, in 1945, fought against the Japanese occupation army under the command of Ne Win. He later became a deputy in Ne Win's military regime which seized power in 1962, but was sacked one year later for his economic policies which deviated from the hard-core socialism espoused by his chief.

He was sentenced to three years in prison in 1965 for his political activities and, in 1973, served another year. He left active politics and opened Rangoon's best-known tea shop, but was catapulted to prominence again in 1988 when he wrote a series of widely distributed letters which criticized Ne Win's government for its economic policies and human rights abuses.

Many have credited him with planting the seeds of the pro-democracy movement which eventually resulted in Ne Win's resignation and the official end of one-party rule in Burma.

Aung Gyi co-founded the main opposition party, the National League for Democracy (NLD), with Nobel peace prize-winner Aung San Suu Kyi in September 1988. But three months later, he stepped down as NLD chairman, accusing several other party members of being communist sympathizers. He set up the UNDP in December. The NLD won a landslide victory in 1990 elections, but the ruling military junta has refused to step down.

While Aung Gyi returned to his business after the 1990 elections, trouble followed him. As recently as 1992, he was sentenced to six months in jail on fraud charges after he disputed a payment for eggs. Not everyone has been convinced that Aung Gyi is gone for good, however. One Burmese businessman visiting Thailand said he did not believe the veteran politician had withdrawn definitively.

"I don't think so. Aung Gyi is a clever politician and, if he got the chance again, he would return. He has several times before," the businessman said.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Departs 20 Oct for Visit to Japan

BK2010073394 Kuala Lumpur Voice of Malaysia in English 0600 GMT 20 Oct 94

[FBIS Transcribed Text] Datuk Sri Dr. Mahathir Mohamed today left for Fukuoka, the main city of Japan's Kyushu Island, for a five-day working visit. The prime minister, accompanied by his wife, Datin Paduka Dr. Siti Hasmah Mohamed Ali, will spend their entire stay on Kyushu Island. He will give a keynote address at a conference in Oita City. Datuk Sri Dr. Mahathir will also meet Japanese businessmen and tour several industrial plants.

Deputy Prime Minister Datuk Sri Anwar Ibrahim and Deputy Home Minister Datuk Megat Junid Megat Ayob were among those at the Kuala Lumpur International Airport to send off the prime minister and his wife.

Mahathir Offers Encouragement to UK Firms

BK1910135494 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 19 Oct 94

[FBIS Translated Text] Datuk Sri Dr. Mahathir Mohamed has advised British companies to look to the future and get down to doing business in Malaysia following the lifting of the government ban on awarding contracts to British firms.

Ahmad Kamaluddin, international trade and industry's secretary general, said the prime minister told a 30 member British board of trade delegation which called on him, that there was always scope in Malaysia for capable British companies.

Led by board president Michael Heseltine, who is also Britain's secretary of trade and industry, the delegation is the first to visit Malaysia since the ban was lifted on 8 September. The government barred British firms from bidding for new government contracts in February this year following allegations by the British media that Malaysian leaders were corrupt.

Rafsanjani, Malaysian King Hold Talks 17 Oct

LD1710201794 Tehran IRNA in English 1936 GMT 17 Oct 94

[FBIS Transcribed Text] Kuala Lumpur, Oct. 17, IRNA—Iran's President Hojatoleslam Akbar Hashemi-Rafsanjani and the Malaysian King Tuanku Ja'far conferred on areas of mutual interest here today.

The two stressed the need for broadening cooperation between Iran and Malaysia in economic and trade areas and in joint investments at Iran's Qeshm Island Free Trade Zone in the Persian Gulf. They also reviewed outlooks for tripartite cooperation between Iran, Malaysia and Turkmenistan.

Malaysian Prime Minister Dr. Mahathir Mohamad, and the Iranian Minister of Foreign Affairs 'Ali Akbar Velayati were also present in the meeting.

Hojatoleslam Rafsanjani leading a high ranking delegation arrived here earlier today from Brunei on a three-day official visit on the third leg of his South-east Asian tour. The first stop in his itinerary was Indonesia.

Government To Buy U.S.-Made Transport Ship

BK1910144794 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 19 Oct 94

[FBIS Transcribed Excerpt] The government has decided to buy a large U.S.-made military transport ship to increase the sea capabilities of the Royal Malaysian Navy, RMN.

The minister of defense, Datuk Sri Mohamed Najib Tun Abdul Razak, said the purchase of the used 25,000 ton Norfolk [word indistinct] ship known as the Landing Ship Tank, LST, was made possible after approval by the U.S. Congress last week. The ship would play an important role in supporting the recently-formed Rapid Deployment Force, RDF, of the armed forces.

Datuk Sri Najib was speaking at the news conference at his office to announce the buy. He said the cabinet recently approved the purchase of the U.S. $18.26 million, about 47.48 million ringgit ship using Sixth Malaysia Plan allocations.

The purchase was described as the hot transfer of buying investment which is still operational with the U.S. Navy. [passage omitted]

Editorial Defends New Military Force, Intentions

BK1910133594 Kuala Lumpur BERITA HARIAN in Malay 12 Oct 94 p 10

[Editorial: "Diplomatic Talks: A Correct Choice"]

[FBIS Translated Text] A military force is used to defend national sovereignty or conquer another country. Diplomatic talks are used to settle a conflict bilaterally or through the involvement of a third party. Which is better of the two? Prime Minister Datuk Sri Dr. Mahathir Mohamed gave the answer yesterday. He said Malaysia consistently adheres to the principle of settling problems through diplomatic talks, not military force. This does not mean however, that the country does not need strong armed forces. On the contrary, strong and professional armed forces will be respected.

In the case of Malaysia, strengthening its armed forces cannot be misinterpreted as a show of force. Malaysia has no intention of becoming a colonial power or establishing an empire. Malaysia is a country that cannot afford to speculate about the costs and risks of displays of military force. Malaysia is, of course, different from other countries, particularly large powers whose armed forces are used as intimidating powers. For those countries, intervention in another country is considered a move to upset the public order there. Troops are sent to countries facing problems in order to influence their politics and people. Sometimes these troops incite revolution, because they claim that they are inspired by liberal or nationalist movements.

Military invasions or interventions have been used widely as measures to achieve certain objectives or develop political values under various circumstances. Be careful! Subtle diplomatic maneuvers can also be used against a country if it is not vigilant. We can say that all large powers use diplomacy, such as military and economic aid programs, to deceive recipient countries. Most of these programs, either sponsored by countries or multinational organizations like the United Nations, influence the political, economic, and social developments of recipient countries. If they fail to achieve their objective, they will use intimidation, including economic sanctions against the recipient countries. Iraq, for example, is a victim of UN economic sanctions. As a result, the Iraqi people are being punished. Now we have seen the Iraqi people's reaction. For us, this is obviously subtle interference in the affairs of a country.

Malaysia gives the assurance that it never thinks of interfering in other countries in any manner. For us, all other countries are friends, irrespective of ideology. On top of that, Malaysia never thinks of military intervention. Military intervention is different from military cooperation. Under such cooperation, two countries or more strengthen their armed forces to defend their interests collectively against eventualities. Such cooperation can be in the form of joint efforts, a "commitment treaty" [preceding two words in English], the merger of armed forces, or a geographically-based agreement. Military intervention is an act of sending a large military force to ostensibly stabilize the situation in a country, resist rebels, or help rebels overthrow the government. Nevertheless, Malaysia has sent troops to Bosnia-Herzegovina and Somalia, as observers and peacekeepers mandated by the United Nations. Malaysian troops probably will be unable to become observers or peacekeepers if they are not trained. This being the case, we should be prepared in case our services are needed to achieve world peace. The objectives of building up the country's armed forces are pure.

Singapore

Premier on Economic Success, DPRK, Issues

BR1910112594 Paris LE FIGARO in French 17 Oct 94 p 10

[Interview with Prime Minister Goh Chok Tong by Francois Luizet in Singapore; date not given: "Singapore Wants To Be the Switzerland of Asia"]

[FBIS Translated Excerpt] [Luizet] What is the reason for the Singapore miracle?

[Goh Chok Tong] Since we obtained our independence 29 years ago, we have become an industrialized country which enjoys a high standard of living. We started with very little money in the coffers, insufficient housing, a high rate of unemployment, and not a very encouraging outlook. When Singapore broke away from Malaysia in 1965, it was not at all certain that it could survive as a nation. We had no natural resources. However, we did have a population of 2 million, all of whom were immigrants—Chinese, Indians, and Malaysians. Thus, Singapore had to succeed as a nation. The miracle is that Singapore has become a nation.

I put this success down to two factors. First, the exceptional quality of our political leaders: Mr. Lee Kwan Yew, who was our prime minister, and ministers such as Dr. Goh Keng Swee, who was in charge of the Finance Ministry for a long time. Plutarch said that an army of stags led by a lion is more fearsome than an army of lions led by a stag. Mr. Lee was the lion. The second factor is the culture of our people. If we had had a different people, if we had not had the system of Confucian values complemented by Hinduism and Islam, then it would have been hard, even for the lion that Mr. Lee was, to overcome the obstacles and build a prosperous nation. Look at the small Caribbean states. They are close to the United States—an enormous market—but they have been unable to transform themselves as Singapore has done.

[Luizet] Can this Singapore miracle be exported to Europe, which does not know how to rid itself of unemployment?

[Goh Chok Tong] It would be difficult, because the circumstances are not the same. Unemployment in Europe is caused by technological changes on a global level. Europe has to face up to competition from new economies, such as Malaysia, Thailand, China, and Indonesia. While France may be competitive in the area of highly specialized industry, research, and technology, it cannot create bottom-rung jobs for unskilled or semi-skilled workers. These jobs have been exported to the countries of Asia and South America where the cost of labor is lower. France cannot cut the wages of unskilled workers to the same levels as in these low-cost countries. Politically it is just impossible.

[Luizet] Singapore lies at the heart of a prosperous zone, but your region of the Pacific is threatened by serious tensions.

[Goh Chok Tong] There are some potential problems. For example, there is the situation in the Korean peninsula due to the North Korean nuclear program. Another problem is posed by relations between Taiwan and the People's Republic of China. Do these relations risk deteriorating into open conflict? Can these problems be resolved? Members of the ASEAN, our regional organization, have recently created a forum for dialogue with other countries such as China, Russia, the United States, and Japan. Through these constant contacts we hope to be able to establish a climate of confidence between the leaders of all the countries taking part in this forum.

[Luizet] Does what is happening in North Korea really concern you?

[Goh Chok Tong] Yes, because if this peninsula becomes unstable, then Japan, China, the United States, and Russia will be involved in the conflict. This conflict may then spread to other regions of Asia.

[Luizet] In the West, your strong-arm methods with regard to delinquency have been criticized. For example, there was the caning of a young American accused of vandalism, while a Dutchman was hung for drugs trafficking. How do you reply to this criticism?

[Goh Chok Tong] The way in which we treated these cases—the American vandal who was caned and the Dutchman who was hung—is simple. It has nothing to do with human rights. They had contravened Singapore law. Our laws are crystal clear, as is their application. The judicial system is based on the British model. When we catch vandals or drugs traffickers, we prosecute according to the law and the punishment is laid out clearly by the law. Whether the criminal is American, Dutch, or a Singaporean, the law is applied. It is as simple as that.

Here is how I would explain the position of Singapore to the French. If a Singaporean lives in France we would expect him to respect French law. If he gets caught then we would expect him to be treated according to French law. Similarly, when a foreigner is in Singapore we expect him to respect our laws and, if he fails to do so, he must be punished according to these laws.

[Luizet] Where do you draw the line between democracy and discipline, tolerance and decadence, the rights of the individual and the rights of society?

[Goh Chok Tong] Where the line is drawn depends on the system of values recognized. We believe in democracy, but in a more consensual and more disciplined form. The government is elected to govern. Our people expect us to govern in the best way for Singaporeans, not according to popularity ratings. [passage omitted]

[Luizet] Do Singaporeans think that the West, and France in particular, is slowly in decline?

[Goh Chok Tong] We think that the Western economies are growing at a slower rate. Asia is catching them up. Generally, we think that social decline is becoming more marked, as can be seen by the growing number of broken homes, crime, delinquency, and the people who abuse social assistance programs.

[Luizet] Can Asia help these tired countries?

[Goh Chok Tong] That depends more on the countries than on Asia. [passage omitted]

[Luizet] What will Singapore be like in a generation's time?

[Goh Chok Tong] If there is no major international catastrophe, Singapore will be a prosperous, disciplined, and welcoming country, a bit like Switzerland is now.

Cambodia

National Assembly Approves Cabinet Reshuffle

BK2010052894

[FBIS Editorial Report] Phnom Penh National Radio of Cambodia Network in Cambodian at 0430 GMT on 20 October carries a report with portions recorded on the third session of the first National Assembly of the Kingdom of Cambodia, morning session of 20 October, in which First Prime Minister Prince Norodom Ranariddh, proposed the following cabinet reshuffle upgrading some state secretariats and appointing new officials:

Ministry of Interior: H.E. Ho Sok, state secretary, replacing H.E. Khan Savoeun
Ministry of Economy and Finance: H.E. Keat Chhon, minister, in addition to his current function, replacing H.E. Sam Rangsi
H.E. Sun Chanthol, state secretary, replacing H.E. Cham Prasit
Ministry of Public Works and Transport: H.E. Tram Iv-toek, state secretary
Ministry of Agriculture, Forestry, and Fisheries: H.E. Tau Senghuo, minister, replacing H.E. Kong Sam-ol
H.E. Chhea Song, state secretary
Ministry of Trade: H.E. Cham Prasit, minister, replacing H.E. Va Huot
H.E. Lu Laysreng, state secretary
Ministry of Industry, Energy, and Mines: H.E. It Prang, state secretary
Ministry of Public Health: H.E. Di Narongrit, state secretary
Ministry of Tourism: H.E. Veng Sereivut, minister
H.E. Thong Khon, state secretary
Ministry of Culture and Fine Arts: H.E. Nut Narang, minister
Prince Sisowath Panara Sirivut, state secretary
Ministry of Rural Development: H.E. Hong Sunhuot, minister
H.E. Yim Chhaili, state secretary
Ministry of Environment Management: H.E. Mok Maret, minister
H.E. Soeng Oeum, state secretary

State secretariat under the Council of Ministers:
State secretariat for Public Functions: H.E. Prak Sok, state secretary
H.E. Nhim Vanda, minister delegate in charge of youth rehabilitation administration

The National Assembly voted 90 in favor of the proposed reshuffle with 13 against, two abstentions; three votes were declared invalid, followed by an applause in honor of the reshuffled Royal Government.

Khmer Rouge Military Activities, Crime Reported

BK1910034194 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 19 Oct 94 p 5

[FBIS Summary] About six sticks of TNT went off at 2000 on 15 October in Battambang town railway station. The TNT sticks were planted by terrorists along the eastern wall of a locomotive berth. No was one killed or injured in the explosion, which caused only slight damage to the wall of two old train carriages and blew a small hole in the wall of the locomotive berth. According to a railway station official, Khmer Rouge rebels intended to destroy the locomotive but failed due to stringent defensive measures.

On 7 October the Khmer Rouge laid a mine along the railway track at Haisan village, Chrey commune, and another at Boeng Pring village in Battambang District, damaging 20 meters of track.

Citing a campaign by government forces against the Khmer Rouge in the Tonle Sap area, between Ek Phnum and Battambang Districts, from 22 September to 5 October, a military official in Battambang Province says that 34 Khmer Rouge soldiers were killed in the operation; 24 shelters, a meeting hall, five boats, and 51,000 punji stakes were destroyed; a large number of weapons were also seized. Government forces also rescued 26 familes and 27 boats. Khmer Rouge troops are felling trees to block roads to the Pailin area.

Police in Kampot Province report that at 0400 on 15 October about 30 Khmer Rouge operated in Kompong Chen village, Stoeng Kev commune, Kampot District, and took away with them 35 people, including the village head. There is no news on the fate of those abducted.

In Stung Treng provincial prison, Police Major Chin Malai killed a police sergeant with three AK bullets on 15 October and then killed himself with the same weapon. The two policemen work in the same prison.

Radio Appeals To Khmer Rouge Troops To Defect

BK1910034494 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 18 Oct 94

["Political commentary": "An Exemplary Decision"]

[FBIS Translated Text] The decision by 100 Khmer Rouge soldiers in Phnum Voar, Kampot Province, to leave the jungle to join society sounds the death of the outlawed Khmer Rouge rebels who are preparing to destroy remote villages and communes in the coming dry season.

This decision is happy news for the Cambodian people because no Cambodians want to see any of their compatriots live in fear of daylight or [words indistinct] fellow human beings. Although the past is very bad, it can be forgotten. The only thing that is asked is that such criminal activities cease. Our people again and again have affirmed that the past 20 years' suffering is enough for the Cambodian people. All of us have witnessed bitter events affecting our compatriots. We have seen those who died. The disabled and refugees lived in disgrace on others' peripheral land. Therefore, there is no reason for us to want to see another group of Cambodians continue living [words indistinct] with [words indistinct] in the jungle by abducting people and barter them for [words indistinct] and things. Thus, the decision by 100 Khmer Rouge soldiers to return to the national community is very correct because it is a decision appropriate to the circumstances.

Everyone knows that this coming dry season, as the sole legitimate representative of the people and with a duty to ensure the people's peaceful life, the Royal Government of Cambodia will not allow anyone to set up an autonomous region in violation of the constitution or to set up a state within a state. There are only three more months to go before the expiration of the grace period allowing Khmer Rouge soldiers to surrender. So, the decision by the 100 Khmer Rouge soldiers and compatriots in Phnum Voar is a big blow to the head of outlawed Khmer Rouge ringleaders, particularly nominal Khmer Rouge leader Khieu Samphan.

Everyone knows that a few days ago Khieu Samphan declared war on the Royal Government of Cambodia and called for the annihilation of civilian personnel of this regime. How disappointed the Khmer Rouge group will be when it discovers that its troops love peace more than war and love to live as human beings rather than as animals. The decision to leave the Khmer Rouge ranks by hundreds of soldiers reflect a tough struggle to endure hunger by those below who cannot take it. The 100 compatriots in Phnum Voar, like many other Khmer Rouge compatriots who have been forced at gunpoint by their leaders to flee to the jungle, have gone through unbelievable hardship, unlike those affluent Khmer Rouge leaders living on foreigners' peripheral land. These compatriots have not received any assistance whatsoever. In short, these compatriots (?have been duped) by the Khmer Rouge rebels and live like animals; their lives have no meaning and their death is worthless. This is why the 100 compatriots in Phnum Voar and in other provinces have awakened and left the hell of Khmer Rouge society to join society and the nation. This decision not only provides light for these compatriots' own future but also contributes to speeding up national development in accordance with the political platform of the Royal Government.

This is a good model for other compatriots who are being armed by the Khmer Rouge to kill the nation in the coming dry season. There is no shortage of opportunities for these compatriots. Please do not let valuable time pass. Please remember that if you return you live, the nation lives, and the future is bright while Pol Pot, Ieng Sary, Nuon Chea, Ta Mok, and so on, will go to oblivion.

Khmer Rouge Denies Alleged Phnum Voar Defections

BK1910133694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 19 Oct 94

["Communique" of the spokesman of the National Army Ministry of the Provisional Government of National Union and National Salvation; dated 18 October; place not given—read by announcer]

[FBIS Translated Text] 1. The traitorous two-headed government, communist Vietnam, and the villainous alliance jointly staged a farce to loudly announce that the Khmer Rouge at Phnum Voar had defected to their side.

2. The spokesman of the National Army Ministry of the Provisaional Government of National Union and National Salvation [PGNUNS] categorically rejects this obnoxious and despicable psychological-warfare buffoonery.

3. The communist Vietnamese aggressors and the two-headed government have been losing in all sectors and fields. They have lost on the military, political, and diplomatic fronts. They have lost in the economic-financial as well as propaganda wars. They have been losing for the past 15 years. The Western alliance which has conspired with communist Vietnam to continue fueling the latter's war is also losing and being driven into an impasse. The enemies have lost at Anlung Veng, Pailin, and Phnum Voar to the guerrilla and people's war of the Cambodian people and the National Army of Democratic Kampuchea [NADK]. Their pacification operation of the type of the Dei Et camp near Phnom Penh has also stalled, as it was shamefully exposed and failed utterly to deceive anybody.

4. The NADK has lofty ideals and a profound love for the nation and people. It has lofty ethics and morals and clearly knows friend from foe. It has no need whatsoever to surrender to the traitors, the obnoxious and despicable elements who are the out-and-out valets of communist Vietnam and valets of the United States, France, and Australia.

5. The NADK continues to closely unite and share weal and woe, life and death, with the entire nation and people, fighting hard in the struggle and the guerrilla and people's war against the enemies in all sectors and fields, striving especially hard to smash and wipe out all kinds of pacification operations and smash and sweep away the two-headed village and commune civilian administrations, both overt and secret and under the command of both the Communist Party of Vietnam and the puppet Communist Party, in order to save and perpetuate the nation and enable the people to live and work happily without fear of raids launched by the two-headed government to conscript soldiers, impose K-5 corvees, draft militiamen, rob and massacre the people, rape their daughters, or cause internal splits among the people.

18 October 1994
The spokesman of the Ministry of the National Army of the PGNUNS

Khmer Rouge Oppose Planned Talks With SRV

BK1910164394 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 19 Oct 94

["Communique" of the spokesman of the Foreign Ministry of the Provisional Government of National Union and National Salvation; dated 19 October; place not given—read by announcer]

[FBIS Translated Text] I. It has been reported that in the near future, on the order of their masters communist Vietnam and the villainous Western alliance, the two-headed elements will send representatives to hold so-called negotiations on the Cambodian problem and particularly the problem of ethnic Vietnamese in Cambodia with communist Vietnamese representatives in Saigon.

II. The Cambodian nation and people and the Provisional Government of National Union and National Salvation [PGNUNS], in advance, would like to solemnly and completely reject and declare null and void any decisions made in Saigon between the two-headed government and communist Vietnam that concern Cambodia and affect Cambodian independence, sovereignty, and territorial integrity.

The Cambodian nation and people and the PGNUNS would like to declare once again that the two-headed traitors, the out-and-out servants of the communist Vietnamese and villainous Western alliance, have no right whatsoever to represent or hold negotiations on Cambodia.

III. The communist Vietnamese and villainous Western alliance are staging this drama in order to dupe other people at a time when they and the two-headed government are bogging down in all sectors and fields in Cambodia. They are making this effort:

1. In order to enable communist Vietnam to continue pouring its natives into Cambodia to swallow this country freely and through all means, passes, and accesses, and to legitimize the presence of the 4 million ethnic Vietnamese in Cambodia.

2. In order to allow communist Vietnam to parcel off Cambodia's land, sea, and islands in the east at will, to the point that we have now lost tens of thousands of square kilometers of our territory.

IV. Communist Vietnam, the villainous Western alliance, and two-headed government must respect Cambodia's independence, sovereignty, and territorial integrity recognized internationally between 1963 and 1969. The Paris accords of October 1991 also clearly stipulated that it is imperative to respect Cambodia's independence, sovereignty, and territorial integrity that was internationally recognized between 1963 and 1969.

V. The Cambodian nation and people and the PGNUNS declare that communist Vietnam, the villainous Western alliance, and their puppets must be held fully and totally responsible for everything that may affect Cambodia's independence, sovereignty, and territorial integrity. We also appeal to all countries that cherish peace and justice in the world, especially those in the region, to help prevent this scheme. Not only is it a gross violation of international law, the UN Charter, and the right of the Cambodian nation and people to solve their own problems themselves, but it also constitutes a murderous act against the Cambodian nation, people, and race and is also a threat to the security and stability of the whole region.

18 October 1994
The spokesman of the Foreign Ministry of the PGNUNS

* Results of Battambang 'Secret' Police Probe

Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 29 Jul 94 p 1, 11

[FBIS Translated Text] In a lengthy report written by a special commission which was created to investigate secret prisons run by the Royal Cambodian Armed Forces in Battambang Province, preliminary findings revealed that there were no secret prisons in Battambang Province. The results of this investigation refute the report by Mr. Michael Khipi, the Special Representative for Human Rights of the UN secretary general in Cambodia who claimed that there were two secret prisons and execution centers in Battambang Province.

The investigation to look for those secret prisons began on 21 July, three days after the government decided to create the special commission to investigate that problem. The investigation was organized as an emergency measure by the government. Mr. Pil Nal, military adviser to Samdech Hun Sen, the second prime minister, is the Royal Government's special representative in the investigation on secret prisons.

In his report, Mr. Pil Nal confirmed that he had conducted on the spot investigations at Site S91, Wat Kandal, Wat Paccha, and Wat Po Veal which had been identified by the UN Human Rights investigation as prisons, but he found nothing at all to indicate that they were secret prisons. According to the testimony of victims, witnesses, monks, and nuns at the temples, the Vietnamese army camp in control there did indeed imprison people, but that no longer occurs. At present, this location is the headquarters of the 2d Bureau of the General Staff in Battambang Province.

It should be remembered that in Mr. Michael Khipi's report he claimed that there were two secret detention camps in Battambang Province controlled by the commander in charge of special investigations for the 5th Military Region and furthermore administered by the commander in charge of the intelligence office of the Ministry of National Defense which were located at the provincial headquarters and in the Chhoeu Khmau region. That report further claimed that in the second half of 1993, 35 detainees were executed and, by the end of April 1994, 16 more people had been arrested and imprisoned at the above-mentioned camps.

The investigation by the special commission revealed that there were no witnesses or evidence to verify the killing of the 35 people. But they quoted General Prum Maranak, deputy commander of the 5th Military Region, who said that all 16 people who had been arrested have been released. He did not specify the reason for the arrests.

There is a problem with the one remaining secret prison which has not yet been investigated; it is in the region of Chhoeu Khmau. The Chhoeu Khmau region is located in Ek Phnom District along the Sangke River. At the present time this region is being harassed by forces from the Khmer Rouge rebel strongholds. A trip there must be made by boat and must also have tight security. Therefore, an investigation in that place can only be made at a distance.

It is known that the Chhoeu Khmau region is were the 1st Company of the intelligence battalion commanded by Mr. Yon Yom is stationed. Mr. Serey Kosal, first deputy provincial governor of Battambang, reports that, based on village and sub-district government sources and on eyewitness accounts that place really is a prison.

However, Mr. Ray Vutthi, the district chief for Ek Phnom, claims that the existence of a prison in Chhoeu Khmau is only an allegation which the district has not yet fully investigated because that region is insecure. Mr. Mik Tara, deputy police commissioner for Battambang Province, has admitted that in 1993, about 35 families totaling more than 70 people, were rounded up and placed at Chhoeu Khmau for interrogation. But it is not a prison. Perhaps all those people were mistaken about it being a prison. Mr. Yan Yon, a soldier in Ek Phnom District, seems to support the above information. He states that during the period 1990-1991, when he was often there, he never saw a prison at Chhoeu Khmau. There were usually only three or four monks and other people living there.

It seems that the mystery of Chhoeu Khmau has not yet been solved because the special commission to investigate this secret base has not yet been able to go there. Mr. Pil Nal, the chief of the Special Commission, made it clear that there cannot possibly be any prisons where people are executed in the Chhoeu Khmau region.

Based on the results of the investigation by the special commission which have been reported to the two heads of the royal government, it is clear that the investigation is nearly finished and has concluded that there are no secret prisons in Battambang. It makes the point that the special commission has not completely finished because they have not made a specific statement on the Chhoeu Khmau region. However it cannot be faulted because to go from the provincial capital to Chhoeu Khmau one must pass through about 30 locations where Khmer Rouge army forces are located; anyone who makes the trip must disguise himself as an ordinary citizen.

* Further on 'Secret' Prison Probe

Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 1 Sep 94 pp 1, 2

[FBIS Translated Text] A government official, who is a member of the special commission investigating the secret military prisons in Battambang Province which were known to exist in Chhoeu Khmau and where it is reported that there were executions and people "eating livers," told REAKSMEI KAMPUCHEA on the morning of 30 August that the investigation into those secret prisons was not yet finished. It will continue to seek the truth. This official, who requested anonymity, furthered confirmed that the special commission was awaiting an answer from the Ministry of National Defense and the Ministry of the Interior in order to schedule a date to make a visit there. It is important to note that they must have an adequate protective military force in order to go there. Chhoeu Khmau, in the Ek Phnom District, is known to be fairly near Battambang (perhaps a little over 30 km), but it is a very dangerous area and it is risky to go there. The Khmer Rouge guerrilla forces are always moving around in that area. The Chhoeu Khmau area is under the control of the 1st Company of the Intelligence Battalion commanded by [Maj.] Yan Yuom. There is a report from the human rights group that at this place at least 35 people were executed near the end of 1993. It was also reported that the executed peoples' livers, gall bladders, and flesh were collected and preserved in alcohol or cooked as food.

This official further told REAKSMEI KAMPUCHEA that they are still unable to make a complete evaluation about the truth of the Chhoeu Khmau case, but they must wait for the investigation to be completed. He said that his commission had not yet refuted the charges of the UN Human Rights team in Cambodia, but it was making an investigation based on their report.

In spite of this, the official would not discuss the results of that investigation because he said they were secret and could not be revealed. He did, however, reveal that the seven or eight people suspected of being involved in this affair would be summoned to provide an explanation to the military tribunal.

This past July, the Ministry of National Defense ordered the 5th Military Region and the 2nd Bureau of the General Staff to disband the secret prisons immdiately and summoned the people involved for questioning in order to complete the case files legally. The results of this are not yet known.

This same official assured us that, as of this moment, as far as he knew, no one had been arrested except General Ton Saveth. General Ton Saveth was under suspicion, but his arrest was not because of his being suspected of involvement in executions at the secret prisons. He was arrested for the recent firing upon a control post in Themaong District of Battambang Province.

The official would not reveal the names of those believed to be involved, but he acknowledged that the names of the people who were mentioned in the report of the UN Human Rights group were the people under suspicion and that others might also be involved.

The names of those involved in the executions, which were mentioned in the Human Rights group's report and who were named by the PHNOM PENH POST included General Tot Tuon, chief of staff of the 5th Military Region; General Ton Saveth, chief of the 2nd Bureau of the General Staff in Battambang Province and commander of Site S91; General Phal Pronh, General Ton Saveth's deputy, and [Maj.] Yan Yom, commander of the 5th Military Region's special intelligence battalion and the officer in charge at Chhoeu Khmau.

In the report of the UN Human Rights group in Cambodia it was revealed that two military prisons in Battambang Province practiced torture and beating on the prisoners, extortion, kidnapping, robbery, attacks on merchants, demanding fees to protect farmers and fishermen, and so on.

The official told us that the first stages of the investigation have revealed that there really are violations of human rights and property. The investigation will continue until it is complete and formal charges can be made. He hinted that the sentences cannot be evaded.

Indonesia

* Position on Sipadan-Ligitan Dispute Said Strong

94SE0245B Jakarta KOMPAS in Indonesian 8 Sep 94 p 15

[FBIS Translated Text] Jakarta (KOMPAS)—Indonesia's position as legitimate owner of Sipadan-Ligitan is increasingly strong. The strength of the claim to the two islands disputed with Malaysia is proved by a number of new documents.

A number of new or additional documents were presented in a three-way meeting of the Indonesia-Malaysia Joint Working Group (JWG) that began in Jakarta Wednesday, 7 September. The "victory" for the Indonesian position over Malaysia was unexpectedly announced by Izhar Ibrahim, director general for political affairs in the DEPLU [Department of Foreign Affairs], after the meeting at a hotel in Central Jakarta.

Izhar acted in the meeting as chairman of the Indonesian delegation. The first meeting was held in Jakarta in mid-1992, while the second was held in Kuala Lumpur in January 1994. This meeting will end Friday, 9 September, while the schedule and place for the next, or fourth, discussion has not been decided.

According to Izhar, the legal arguments presented by the Indonesian delegation to strengthen the claim of sovereignty over Sipadan-Ligitan were quite appropriate. When asked whether Indonesia's position would thus "defeat" Malaysia in the struggle for the two islands, Izhar answered, "Yes, that is so. If not, how could we have presented such a position? In other words, we have obtained new materials to complement our past arguments and positions. Therefore, with this we now feel that our position is quite strong."

Regarding the documents that strengthen Indonesia's position, Izhar said that all of them are on file with third countries, such as the United States, the Netherlands, and the United Kingdom. "Fortunately, in the meeting we obtained some materials that further strengthened our position," Izhar continued.

Third Party Issue

Malaysia has apparently "almost surrendered," because in his opening speech, the chairman of the Malaysian delegation, Foreign Ministry secretary-general invited Indonesia to use the services of a third party or intermediary. In this way, the third party would be expected to make a legal decision that would be complied with by both parties ("a binding decision").

"I believe that is the best way for us to resolve this issue in the interests of good relations between Malaysia and Indonesia," Jaafar said. When pursued with questions by reporters, Jaafar admitted that he himself did not know who the third party would be. On the issue of a third party, Izhar said that Indonesia actually is still confident that bilateral talks will ultimately be fruitful, although he did not preclude the possibility of involvement by a third party.

Who would the third party be? "It could be an arbitration council, or a court," Izhar said. He added that such a mechanism already exists in ASEAN as a regional grouping, which has as one of its objectives the resolution of disputes among members in the "spirit of ASEAN."

Izhar said, too, that the Indonesian delegation already suspected that Malaysia ultimately would want the involvement of a third party as an intermediary. "Frankly, however, we did not expect that they would mention the matter in this meeting. They may have reached the level of weariness. We are not weary and will still keep trying to submit legal arguments that we consider quite strong," he said.

According to Hasjim Djalal, a member of the Indonesian delegation, Malaysia had presented documents and arguments in the second meeting in Kuala Lumpur. "We made general responses at the time, then studied the origins of the documents and where they were obtained. We also sought new documents and additional documents. We then drafted our detailed responses to the documents they had presented (at Kuala Lumpur). That was what we presented this morning, and they asked for time," said Hasjim, who expressed a feeling of optimism that the Sipadan-Ligitan dispute will be resolved peacefully through discussion.

According to an interpretation of the British-Dutch agreement of 1891, or the 1891 Convention, Sipadan and Ligitan were parts of Indonesia. Malaysia holds that the two islands were surrendered to Britain by the Netherlands, but there is no concrete evidence in the form of maps such as those owned by Indonesia.

So far, the meetings on Sipadan-Ligitan have discussed dozens, perhaps even more than a hundred, documents. Among them were British-Dutch, Dutch-U.S., U.S.-British, U.S.-Spanish, and Sultan of Sulu-Spanish conventions and other similar things.

The Indonesian delegation consists of Izhar; Hasjim; Sudarmadi, Indonesian ambassador to Malaysia; Budiman Darmosutanto, director of international agreements at DEPLU; Kusnadi Pudjiwinarto, director of Asia Pacific affairs at DEPLU; Vice Admiral Adi Sumardiman from the Department of Defense and Security; Rahmat Sudibyo from the Department of Mining and Energy; Brigadier General P. Butarbutar from ABRI [Indonesian Armed Forces] Headquarters; Vice Admiral Amonaris from the Navy; Achmad Suheri from the Office of the Coordinating Minister for Politics and Security; Harry Suyono from DEPLU; Colonel H.S. Hasibuan from the National Borders Coordination Committee; Etty Agoes from Pajajaran University; Djoko Utomo from the National Archives; Safriyulis from the Department of Agriculture; Ali Imran Siregar, Indonesian consul in Kinabalu; Sapartini Kuntjoro-Jakti from the Indonesian Embassy in Kuala Lumpur; Colonel Sumardi from ABRI Headquarters; Lieutenant Colonel Nurdin Sila from the Navy; and Eddy Hermantoro from the Department of Mining and Energy.

Editorial Views Launch of Malaysia's RDF

BK1910162994 Jakarta MERDEKA in Indonesian 12 Oct 94 p 6

[Editorial: "A Cool Head Is Needed To Monitor the Royal Military Exercise"]

[FBIS Translated Text] A more composed and relaxed attitude is needed by ASEAN countries in reviewing the military exercise launched by the Royal Malaysian Armed Forces on Monday [10 October] on Langkawi Island after Prime Minister Datuk Mahathir Mohamed previously assured that Malaysia will definitely use diplomatic channels to solve the Sipadan and Ligitan Islands issue. Malaysia had planned to test its long-established elite [preceding word in English] force's capability by launching the week-long exercise on Monday.

Malaysia has long voiced its desire to upgrade its Armed Forces defense technological capability. We have not yet forgotten that Malaysia placed an order for last generation MiG fighter aircraft from Russia and other modern weaponry. Malaysia Probably feels that the time is right to conduct an exercise to test its modern weapons and simultaneously name its force the Rapid Deployment Force [preceding three words in English], or by the acronym RDF which is a combination of infantry, Navy and Air Force personnel. A reliable military source who preferred to remain anonymous said to REUTERS: "The leaders of those countries (Indonesia, Singapore and Thailand) questioned the military exercise. A major part of the exercise was conducted discreetly but the exercise conducted on Langkawi Island was considered excessive."

An assertive and vocal statement was heard from Encik [Mr.] Jaelani Asmarawi, the director of the military assault exercise, who reportedly said: "We wish to show our capability and preparedness to defend Malaysia's interests." Such a statement is thought to be truthful. Jaelani Asmarawi clearly indicated that the military assault exercise was aimed at providing Mahathir Mohamed with a more precise picture of the force's existence and its assault capability—pertinent to its name, the RDF. As such, the exercise involved para groups who were jettisoned from airplanes to capture Langkawi Island with the support of fighter aircraft which conducted bombing raids while amphibious landing craft unloaded ground infantry support. Commenting on all this, the anonymous source said questions were raised by neighboring countries regarding military maneuvers being conducted in a serious and realistic manner.

As acknowledged, a dispute exists between Malaysia and Indonesia over the Sipadan and Ligitan Islands while another dispute exists between Malaysia and Singapore over the controversial Pedro Blanca Island which is located offshore in Malaysian waters. Therefore, a question still exists if any conflict related to future territorial claims would be settled through a show of armed strength. We believe that in the effort to settle the Spratly Islands dispute, Vietnam, despite its war experience and ability to rout the Armed Forces of a superpower, prefers to solve its conflict with China through diplomatic means. Speaking to Derwin Pereira, from THE STRAITS TIMES on 29 January, Vietnamese Ambassador to Singapore Nguyen Manh Hung said: "There is no merit in going to war" [preceding sentence in English]. The ambassador said: "Our consideration is that problems should be settled by no other method except through peaceful means."

We can learn a lesson from the recent Gulf war where Iraq failed to annex Kuwait by using its "sword." As a result, it is currently shouldering a very heavy burden for its actions. We are currently surviving in an era where the Von Clausewitz or Macchiavelli theory is no longer applicable. In the future, any aggressive action could rebound on the "aggressor" because of strong alliances and opposition by other affected groups. Unilateral action will bring a strong reaction from the opponent—stronger than the aggressor who launches the act of aggression. We should remember that we are currently stepping into a historical era where the boundaries of a nation's sovereignty are becoming more limited. Therefore, there is "no" guarantee that risks do not exist if such limited boundaries are violated. We must never forget that any war waged by a country during this era will not only need its people's sheer support, but also needs the international community's moral and material support as well. A ghastly disaster could happen if these two major factors are ignored. Again, if we choose to use the sword to solve a conflict, then we should also expect to be bombarded by the weapons of the international community. That is why a potentially big risk exists if in the future we choose to solve disputes through aggression.

Editorial Notes Economic Impact of GATT Decisions

BK1910140194 Jakarta KOMPAS in Indonesian 29 Sep 94 p 4

[Editorial: "The Future Impact of GATT Decisions on Indonesia's Economy"]

[FBIS Translated Text] We are shaken again by a negative prediction on the future of Indonesia's economy, that is, regarding a number of GATT or Uruguay Round decisions if they are implemented by 2002.

There is a prediction that if the GATT decisions are implemented, (which, among other things, are to reduce the import taxes and provide a 30 percent reduction of all subsidies for GATT member countries) developing countries such as Indonesia will definitely suffer losses. Indonesia would probably stand to suffer a huge loss of approximately US $1.9 billion from its international trade.

Dr. Sritua Arief, an economic observer and consultant, made this prediction at a seminar held in Jakarta on 20 September. He did not personally make the estimation, but gathered the figures from other economists who referred to the figures from the OECD [Organization of Economic Cooperation and Development], and the World Bank.

The decisions of the GATT or Uruguay Round, which will be carried out in stages in the future, is aimed at the liberalization of global trade and as an effort to increase global trade volume. It is hoped that through such a step, all GATT member countries will benefit from the trade liberalization, which in turn, will increase their respective volumes of international trade and thus provide more prosperity to every member country.

It is also predicted that the developed and developing countries within the Asian and Latin American regions will benefit from the growing liberalization of global trade and will, in turn, increase their financial resources from their international trade activities. The economy of Indonesia and its African and Latin American counterparts will definitely suffer a decline. Besides, Indonesia's losses will be the highest (U.S.$ 1.9 billion). While the other developing Asian countries, such as China and India, stand to benefit from the GATT decisions, Indonesia will be among a number of other Asian countries which will suffer losses.

Such a prediction came as a surprise and prompted the question of whether such a prediction could come true.

In Indonesia, several seminars and debates on the impact of the implementation of the GATT decisions were conducted after the Uruguay Round of talks concluded in December last year and also with the signing of the joint declaration in Morocco in April on implementation of the agreement. The seminars and debates focused on the repercussions Indonesia would encounter if it does not take early action to correct such a situation. The government has not announced officially what measures are necessary. Prior to this, there had been no statements whatsoever indicating that Indonesia would probably encounter huge losses while other Asian and Latin American nations would reap handsome benefits.

In his statement, Arief only mentioned matters pertaining to implementation of the Uruguay Round decisions and the developed nations' expected export increases. On the other hand, Indonesia's agricultural, textile, and textile products exports will also decline—the latter being the country's primary export. Furthermore, exports of industrial products will also decline.

The developed nations will benefit from trade services, while the developing countries such as Indonesia will suffer losses. Apart from this, the Indonesian business sector will also suffer losses from decisions made during the Uruguay Round with regard to foreign investment. Indonesia will also suffer losses from decisions made on patent rights.

Arief noted the decisions made at the Uruguay Round were unfair to developing nations such as Indonesia, while the developed nations' positions would be strengthened further based on the GATT decisions. As a developing nation, we have a right to disagree and protest, but if the decisions have to be implemented, then Indonesia has no other alternative but to comply.

In such a case, what else can Indonesia do?

According to us, if the prediction is true that Indonesia will stand to lose US $1.9 billion due to implementation of the Uruguay Round decisions by 2002, then such a problem will not only become a problem for the business circles but it will also involve the government. This will become a national problem. First, the government should be responsible for strengthening the economy to face the greater challenges caused by implementation of the decisions of the Uruguay Round.

Again, if what Arief stated is true, then Indonesia's high-cost economy definitely will negate its ability to overcome the impact of the Uruguay Round decisions. Our industrial, trade, and services sectors should also prepare to face possible challenges. Thus, the ineptitude of business circles in facing those challenges is not the only factor.

Based on government experience in overcoming numerous economic hurdles these past 25 years, we should be optimistic in whatever endeavors we undertake to avoid the expected loss of US $1.9 billion. Currently, the government is continuing its efforts to solve the existing economic problems, among other things, by announcing several deregulation packages in its effort to provide macroeconomic stability (including monetary stability).

It is felt, however, that the government should openly and realistically clarify what will become of the economy if the Uruguay Round decisions are implemented. Therefore, Indonesian business circles should act optimistically and mutually to overcome such obstacles through extensive strategy that could arouse the national esprit de corps in facing the global economic reforms.

Editorial Favors Ending UN Sanctions on Iraq

BK2010134394 Jakarta KOMPAS in Indonesian 10 Oct 94 p 4

[Editorial: "Is It Not Time To Rescind UN Sanctions on Iraq?"]

[FBIS Translated Text] If Iraqi President Saddam Husayn's deployment of two divisions of elite troops to the Kuwaiti border was meant to attract global attention, then such an intention was justified. The international media were activated again by the United States report via its satellites on Iraq's deployment of its National Guards.

After Haiti, Iraq has again taken center stage. AL-JUMHURIYAH, the Baghdad Government's official organ, wrote that the country had no intention of waging a war with the United States. Iraq only wants the UN sanctions to be lifted.

The UN sanctions were imposed on Iraq for its invasion and military occupation of Kuwait in 1990. Saddam was successful in occupying oil-rich Kuwait, but he was defeated by the allied forces in an assault led by the United States and authorized by the UN.

An embargo took effect following the imposition of the sanctions. Iraq's oil exports were throttled. The republic was also deprived its import requirements. Unquestionably, the people suffered the most because of the embargo—not the government, its supporters, or the elite troops.

The United Nations Security Council is debating the possibility of lifting sanctions against Iraq. Three of the five UNSC permanent members, namely Russia, China, and France, agreed to the motion while the United States and Britain are opposed.

It is clear then that there is a logical explanation in connection with the diplomatic struggle between Iraq's representatives and the country's military maneuvers along its border. The maneuver, which was successful, means that the United States and the international media have again focused the issue on Iraq.

The Government of Kuwait and its Arab allies, including Saudi Arabia and Egypt, reacted to this. The statement on the provision of military support for Kuwait was stressed again. Apart from this, President Clinton ordered troops and an aircraft carrier dispatched to the Persian Gulf.

Iraq's case is unique. When the war broke out four years ago, non-Western communities were divided in their opinions and condemned Saddam's invasion of Kuwait. On the other hand, there was a protest against the United States-led allied forces action against Iraq. Evidently, the allied forces action was authorized by the United Nations.

Iraq's troops were subdued, Baghdad was attacked, and Kuwait was liberated. One estimate indicated that Saddam's military strength was diminished to half its original level. Yet, the Iraqi leader still managed to survive and maintain his authority.

Sanctions were imposed. One of the primary issues was to investigate the possibility of Iraq's capacity to manufacture nuclear weapons. Other objectives were to sever the lifeline of the country totally by imposing an embargo on oil exports.

Saddam, the predominant figure, was consistently observed to be capable of handling himself and strengthening his resources. The United States accepted such a statement and requested a dialogue with him in an effort to seek an ultimate and peaceful solution to the predicament.

There was such an intention soon after President Clinton took over the presidency from George Bush, but it was short-lived and relations between the two countries ended in a stalemate. The Clinton administration was considered to be facing the problem of how to deal with Saddam Husayn, and the President leader is not in a position to allow himself to be cowed easily.

The Clinton Administration is faced with an ironic development. Clinton's presidential victory was won because of his campaign emphasis on the economy during the post-Cold War era. The statement issued by the Clinton Administration not only compelled it to be committed on international issues, but also to gain credit in strengthening its position in the international arena.

Observing the technical and legal aspects of the issue from the debate at the United Nations, questions were raised as to how far Iraq had complied with the sanctions during these four years and when the sanctions would be lifted.

A political evaluation would be more definitive. Politically speaking, the sanctions should be lifted, considering Iraq's invasion of Kuwait which occurred four years ago.

With the exception of China, the other five permanent members of the United Nations Security Council were affiliated with the allied forces during the Gulf war. China, Russia, and France agreed on lifting the sanctions, but the United States and Britain remained opposed. Veto power was applied to end the issue.

The decision on lifting the sanctions against Iraq by these three permanent members of the UNSC cannot be overlooked.

Only personal contact between Saddam and Clinton could possibly pave the way to further developments. If it was true that Iraq's recent military maneuver was only aimed at strengthening its effort to have the sanctions lifted, then the key to the solution rests with Washington.

* Vice President Denies Religious Extremism

94SE0258A Jakarta KOMPAS in Indonesian 14 Sep 94 p 1

[FBIS Translated Text] Jakarta (KOMPAS)—Vice President Try Sutrisno said that certain extremist religious movements will not develop in Indonesia. He also disputed the view that Indonesia gives special treatment to certain countries in matters of investments, tenders, or project assignments.

The vice president stated these denials Tuesday [13 September] as he answered the questions of Ladislas Paniatowski, speaker of the French Parliament from the UDF [Union for French Democracy] Party, and his colleagues at the Merdeka Selatan Palace in Jakarta. Those present at the meeting included French Ambassador to Indonesia Dominique Girard and the vice president's spokesman, Sumadi.

Questions asked by the UDF members of Parliament included whether there is a possibility that fundamentalist groups from a certain religion may develop in Indonesia. Another question related to Indonesian overseas cooperation: "In conducting cooperation, does Indonesia give special treatment to certain countries in matters of capital investment or granting of projects?"

The results of the talk between the vice president and French members of Parliament from the UDF party were presented to reporters by vice presidential spokesman Sumadi. Sumadi said that in response to questions about fundamentalist groups, the vice president said, among other things, that the Pancasila [ideology of the Indonesian state] philosophy is the basic guideline for all levels of Indonesian society and for all religions. "Although the majority of Indonesians are

Muslims, the adherents of other religions are highly respected. They have full rights," the vice president said, as quoted by Sumadi.

According to the vice president, Indonesia always tries to create an atmosphere of cool-headedness, harmony, and tolerance among religious communities. The vice president said that because Pancasila is a tool for self-control, life cannot become extreme, including extremes of religion in the form of fundamentalist movements.

Sumadi said that with regard to foreign cooperation, the vice president declared firmly that no special treatment is given to certain countries in the matter of tenders, investments, or assignment of projects. "We cannot violate our guidance on matters of investment, namely the laws on foreign and domestic capital investment."

Tenders for development projects are, as far as possible, conducted fairly and objectively. "If one party feels he has not been treated fairly or that a tender has not progressed well—and we have experienced that—a repeat tender will be held," the vice president emphasized.

When asked whether the speaker of the French Parliament had definite indications of possible emergence of religious extremist groups in Indonesia, Sumadi said he did not mention the names of groups or movements. He also did not mention any countries that are given special treatment in the matter of capital investment. "It may be that in the last 10 years they have seen that several particular countries always win," Sumadi said.

The vice president was also asked whether members of Indonesia's younger generation in schools overseas still adhere to Pancasila. Is it not possible that they will be affected by other viewpoints? "Indonesians overseas will continue to say 'my country, right or wrong,' despite its shortcomings, however bad," Sumadi told the press.

The vice president admitted that there are two or three Indonesians overseas who oppose their own country. Generally, however, Indonesian young people studying overseas try to seek knowledge and experience for the development of their own country. The vice president and the speaker of the French Parliament from the UDF Party also discussed possible cooperation in a number of fields, including nuclear power.

* NGO Input to Human Rights Report Urged

94SE0246D Jakarta KOMPAS in Indonesian 7 Sep 94 p 6

[FBIS Translated Text] Jakarta (KOMPAS)—To block one-sided, negative information, the National Commission on Basic Human Rights (KOMNAS HAM) is making a counter-report on basic human rights in East Timor. To ensure that neutrality and objectivity remain protected, the KOMNAS HAM is seeking input from various parties, including nongovernmental organizations, and is making a visit direct to the area.

The KOMNAS HAM plans were presented Tuesday afternoon [6 September] in a meeting with Foreign Minister Ali Alatas at the Department of Foreign Affairs in Jakarta. "Up to now, information on East Timor always cites 'country reports' from the U.S. Department of State. Our weakness has been the lack of 'counter' in responding to charges that often have no true basis in fact," said Bambang Suharto, member of the KOMNAS HAM who was appointed spokesman on the meeting.

Prof. Charles Himawan added that in the matter of East Timor there are two issues which, although closely related, must be differentiated. The political issue must be distinguished from the human rights issue. "It is hoped that the KOMNAS HAM will focus more on the human rights issue. For this, there needs to be a vehicle through which East Timor residents can submit their complaints. The KOMNAS HAM and Foreign Affairs Department will give further thought to ways to provide an efficient vehicle," said Ch. Himawan.

According to Ch. Himawan, the Foreign Affairs Department recognizes that many people inside and outside the country were at first skeptical about the commitment of the KOMNAS HAM. Now, however, it cannot be denied that the KOMNAS HAM is a national asset. "As a national asset, the KOMNAS HAM and the Foreign Affairs Department can work together to protect economic development, lest it be hindered by, for example, national violations of worker rights," Ch. Himawan said about the meeting.

Present in the meeting with Foreign Minister Alatas were Ali Said, Miriam Budiardjo, Marzuki Darusman, Hamid Attamimi, Aisyah Aminy, Soemantri Martosoewignyo, Djoko Soegianto, Nurcholish Madjid, Roekmini K. Astoeti, Clementino Dos Reis Amaral, and A. Baramuli. From the Foreign Affairs Department, Alatas was accompanied by Director General for Political Affairs Ibrahim, Indonesian Ambassador to France Wirjono, Director of Foreign Information Irawan, and Dr. Hasan Wirajuda.

Not a Mouthpiece

Bambang Suharto rejected any possible notion that the KOMNAS HAM will be a government mouthpiece on the East Timor issue. "If indeed violations of basic rights are found, we will present them in reports. We will use a method of 'check and recheck' in our work, but we will avoid presenting things without the support of facts," Bambang Suharto said.

He admitted, however, that the KOMNAS HAM, with the help of the Foreign Affairs Department, will have more voice overseas in the future. "One thing we need to emphasize is that the application of basic human rights in Indonesia uses the paradigm of Indonesian culture," said Bambang Suharto.

It is hoped that a KOMNAS HAM team will visit East Timor in the near future. From past experience with confusion of information about KOMNAS HAM, it is also felt necessary to make members of the community aware that they should direct their complaints to the proper place. Bambang Soeharto said that the KOMNAS HAM, consistent with its function, is open to receiving complaints. "Frankly, we must admit that there are matters that need to be improved or that are not universally as they should be," said Bambang Suharto.

* Government Acts Against Timber Concessionaire

94SE0246C Jakarta KOMPAS in Indonesian 8 Sep 94 p 1

[FBIS Translated Text] Jakarta (KOMPAS)—Forestry Minister Jamaludin Suryohadikusumo said he will not renew the concession permit of Barito Pacific Timber PT [Limited Company] unless the forest exploitation company is willing to give 49 percent of its stock to a BUMN [state-owned enterprise].

The minister of forestry said this position has been taken because much damage to forests has occurred in areas controlled by Barito Pacific Timber PT. "This has happened because the company has not managed its forests well," the minister of forestry told reporters yesterday, Wednesday [7 September], at the the president's executive office in Jakarta just before a meeting of the Limited Cabinet for Economic, Financial, Development Supervision, Industry, and Trade Affairs.

News about the forestry minister's statement was carried in several foreign news agency reports received in Indonesia yesterday. For that reason, Barito Pacific Timber PT immediately issued a press release signed by Joso Abdullah Gotama (principal director) and Augustinus Aryawan (director).

According to the forestry minister, Barito Pacific Timber PT must accept enforcement of the government regulation that requires the transfer of 49 percent of its stock to a BUMN. He said this regulation is being applied to the company because the company is deemed as having been unable to manage its forests well over the 20 years of the concession it was given by the government.

Jamaludin said that if 49 percent of its stock is transferred to a BUMN, the post of principal director will be held by a BUMN official, thus making the government's position strong and determinative in general meetings of shareholders. "Thus, it is hoped that improvements can be made in the management of forests in areas controlled by Barito," he stated.

The minister acknowledged that so far owners of the company have not yet agreed to the transfer of stock to a BUMN. He said company owners asked that an exception be made for the company. The minister said the request was refused, however.

The Barito Pacific Timber PT press statement, which responded directly to a REUTERS report on Wednesday, explained that the forest exploitation concessions (HPH's) referred to in the report were Yayang Indonesia PT and Aya Timber PT in South Kalimantan (letter from the Minister of Forestry No. 1117/MENHUT-IV/1994, dated 28 July 1994).

It said that the two HPH's had a log purchase contract with Barito Pacific Timber PT (a public company), as stated in the Barito Pacific Timber PT prospectus (issued when it went public, page 117 of the Indonesian edition and page 116 of the English edition). "Thus, the two HPH companies are not part of Barito Pacific Timber PT," the press report said.

* Natuna Development Master Plan Proposed

94SE0246A Jakarta KOMPAS in Indonesian 5 Sep 94 p 2

[FBIS Translated Text] Natuna (KOMPAS)—Minister of Research and Technology B.J. Habibie said that with the presence of the natural gas megaproject, Natuna Island and the surrounding area should be developed in an integrated and comprehensive way, so that any negative impact of the project can be avoided as early as possible. Therefore, research is needed on a "master plan" for developing the area.

The minister of research and technology said this in reply to a reporter's question on the trip to Jakarta after the minister and his party toured the site of the PERTAMINA [National Oil and Natural Gas Company] natural gas project at Natuna in the Riau Islands on Saturday, 3 September. Also present on the tour were Armed Forces Commander General Feisal Tanjung, Minister of Communications Haryanto Dhanutirto, Minister of Investment Sanyoto Sastrowardoyo, and Minister of Industry Tunky Ariwibowo.

The participation of the Armed Forces commander and the ministers in a direct inspection of the project site and its community will facilitate future integrated and comprehensive development after the giant project costing billions of U.S. dollars begins operation. After making a helicopter tour, the group of ministers made themselves available to meet with members of the local community.

"The government plans that by the end of November, PERTAMINA and Esso will have signed a cooperation agreement on the development of the natural gas project in Natuna, and the community is asked to have a part in making it a success," he said.

No Further Problem

He said the exploitation of the Natuna natural gas at first was a problem, because 71 percent of the gas produced was carbon dioxide that could not be burned. The net natural gas reserves in the area represent the largest in Indonesia, however, at about 45 trillion cubic feet, twice the amount at the Arun Field in Aceh.

Because of technological advances, however, a method was discovered for separating natural gas from carbon dioxide. After the methane gas is taken out, the carbon dioxide will be injected again into the earth so that it does not pollute the environment.

"Esso has mastered that technology and is expected to sign a cooperation contract with PERTAMINA at the end of November," he said.

Meanwhile, PERTAMINA Principal Director Faisal Abda'oe, who was interviewed separately, said that PERTAMINA and Esso will talk again on 6 September. No additional principal problems have been found that will be hard to resolve in the future, however.

The Natuna field will be developed with six processing platforms ("treating platforms"), six drilling platforms, four injection platforms, and two accommodation platforms. A cryogenic process will be used to separate carbon dioxide, and plans call for daily production of 2,400 million cubic feet of hydrocarbons, which will be processed by six LNG trains on Natuna Island into 14 million tons of liquefied natural gas per year.

A construction schedule of eight years is needed to produce and deliver the first gas for processing at the Natuna Island LNG plant. The funds needed to develop Natuna gas and the LNG plant will be about $34 billion.

Production Sharing Issue

The problems still being discussed by PERTAMINA and Esso include the question of the best form of production sharing acceptable to both sides.

Esso signed a production sharing contract (KPS) with PERTAMINA for Natuna D-Alpha Block, which lies at a depth of 150 meters in Natuna waters about 1,100 kilometers north of Jakarta, after the area was released by contractor Agip SPA from Italy, which discovered natural gas at that site. Because it was returned to PERTAMINA, PERTAMINA's share at that site is calculated to be 50 percent when it is handed over to Esso.

"The production sharing issue, and the amount of money to be their respective responsibilities in preparation for future operations are things that are still being discussed between PERTAMINA and Esso," said Umar Said, secretary-general of the Department of Mining and Energy, who was once also secretary of the DKPP (PERTAMINA-Government Cooperative Council).

PERTAMINA General Director Baharuddin said that with the construction of an LNG plant on Natuna, supplies of Indonesian LNG shipped overseas will further increase. Indonesia is now exporting about 25 million tons of LNG per year to Japan, Taiwan, and South Korea from plants at Arun and Bontang. With the completion of the first six trains at Natuna, it is expected that exports will expand further by 14-15 million tons of LNG per year.

* New Cellular Phone System Marketed

94SE0246B Jakarta KOMPAS in Indonesian 8 Sep 94 p 2

[FBIS Translated Text] Jakarta (KOMPAS)—Satelindo PT [Limited Company] is somewhat overloaded with requests from the public for the GSM (global system for mobile communications) cellular telephones the company is now offering. "In the past week, we have distributed 15,000 registration forms to the public, and we are having to print more because they are almost exhausted," Raymond N. Chatab, general manager for marketing of Satelindo PT, said Wednesday, 7 September.

He said that as of Wednesday, 2,000 applicants had paid for their GSM service. Depending on the "outstations" they select, prices are between 3,950,000 rupiah and 5,959,000 rupiah. "In no longer than 60 days, they will receive the communications equipment they ordered," Raymond said.

Satelindo PT will have a GSM "soft opening" at the beginning of October and will begin full operation on 1 November. Trials have been conducted, and certain persons, including high officials, received GSM telephone sets they have already been able to use.

According to the plans of the joint enterprise between Bimantara (60 percent), Telkom PT (30 percent), and Indosat PT (10 percent), 10,000 SST's (telephone connections) will be sold in Jakarta in September, and by the end of December 30,000 SST's are expected to be sold. "We will stop sales and make an announcement if 20,000 SST's are sold before November," he said.

He said that the public can apply for Satelindo GSM service without having to come to the Satelindo office at Mulia Center, Kuningan. Interested persons may send a letter or fax (5229320-21), and the company will send forms and conditions. Applicants will also be given brochures on GSM and on sets available from agents, complete with pictures and prices. Brochures and forms may also be obtained at branches of Bank Arta Graha and BankExim.

May Decline by 1 Million

Raymond Chatab said that because of the great demand, it is possible that the prices of GSM telephones will decline in the next six months. The standard prices are now between 4 million and 6 million rupiah, and next year they may be between 3 million and 5 million rupiah.

Subscribers will be able to select the "outstations" they like, and to maintain competitiveness, six brands of "outstations" recognized by Satelindo will offer the lowest prices and the best service. So far, he does not see any likelihood of "outstation" shortages, because the agents for the brands have promised that they can meet any demands from the public. "If any agent is unable, we will take over by importing sets ourselves or will appoint another agent able to handle them," he said.

Applicants must complete forms and enclose copies of PLN [State Electricity Enterprise], telephone, or credit card bills. "In that way we will know exactly the whereabouts of subscribers, and if anything should happen, such as unpaid bills, we will know where to go," he said.

Unlike existing cellular service, for which subscribers pay bills to Telkom PT, payments for Satelindo GSM are made directly to Satelindo PT. Similarly, the connection charge of 1 million rupiah, which includes the cost of an SIM ("subscriber identity module") card, and the cost of an "outstation" goes to Satelindo and not to Telkom PT.

* Call for Change in New Order Political System

94SE0245A Jakarta KOMPAS in Indonesian 8 Sep 94 p 4

[Article by Syamsuddin Haris, researcher with the Indonesian Science Institute: "Rereading the New Order Party Format"]

[FBIS Translated Text] Having followed mass media reporting on the Third PPP [Development Unity Party] Congress over the past several weeks, we note two obvious tendencies. First, behind the clamor of the fight for the general chairmanship, of conflicts among groups, and of the mobilization of Islamic scholars, the issues of democratization and political change scarcely emerged. Second, the position of the people and their destiny were not mentioned, as though, apart from artificial issues at the top, there are no significant problems in our society that need to be debated by the party elite.

Therefore, the question now is, is it still relevant for us to talk about the role of political parties in the context of creating a more democratic political format? Do the political parties still have contributions to make in strengthening the people's position in politics.

The restructuring of politics through "fusion," as the government did at the inception of the New Order, is a unique pattern relatively unknown in democratic systems.

Simplification of party structure is generally done naturally through elections. Parties not receiving a certain quota of votes do not get seats in parliament and therefore may either disband or wait for an opportunity in the next election. Also, parties may join together in a kind of coalition party without influence, pressure, or interference from the outside.

Nevertheless, it must be admitted that the party structure has made a meaningful contribution to the dual obsession of the New Order: economic growth and political stability. In fact, the New Order has been the governmental era with the longest period of stability in the history of the Republic. In addition, a mechanism of state based on the 1945 Constitution is relatively in operation, although only formally.

It is being increasingly realized, however, that behind the success story of economic growth and political stability there is an incalculable political cost to be paid by the people. They must accept very limited political rights and participation.

The people must also accept helplessness because of their limited access to policy making. To borrow the words of Sritua Arief, the people are only spectators, rather than participants, in development.

If we reflect on our experience during 20 years of party structure based on the 1973 "fusion," we see that our political parties also have paid a political cost.

First, the orientation to ideology and "primordialism" rather than programs is still strong. The changes in political orientation and culture that were expected to happen through "fusion" did not in fact take place. The intensification of the religion issue and the growth of factional issues, as experienced by the PPP prior to its congress, are the clearest indications of this. The specifications of programs that were expected to be the most important differentiating factors among the OPP's [election participant organizations] have disappeared behind issues of seat distribution, factional quotas, and "primordial" claims.

Besides "primordial" factors that have become rooted in the outlook of party elites, these realities are also exacerbated by strong state control of every alternative aspiration that emerges in the parties.

There is almost no opportunity for the party elites to have different opinions from those of the authorities. Competitive discourse has been censored ever since individuals were "appointed" as candidates, whether in the DPR [Parliament], the DPRD's [regional legislatures], or party management.

Second, an "inferiority complex" on the part of party elites toward the political suprastructure has grown and become strong. As a result, all the elites have low levels of self-confidence in the resolution of their own internal problems.

Persistent internal conflicts in the PPP and PDI [Indonesian Democratic Party] and excessive dependence on the bureaucracy's interference and problem-solving are indications of such an inferiority complex.

It is as though party managers are part of the state apparatus and must submit to, obey, and be loyal to the viewpoints and policies of the bureaucracies.

In second-level regions, a party manager must report to and appear before the local chief of the Office of Sociopolitical Affairs to obtain his blessing on any activity. The same thing takes place in first-level regions and the capital. On the other hand, the bureaucratic apparatus enjoys this dependence so that it can maintain its political patronage toward the parties.

Also, it is the bureaucracy that provides funds and permission for every party activity. These tendencies confirm the theoretical identification made by experts, who classify Indonesia under the New Order as an "employee state" ("functionary state," "the bureaucratic polity," etc.).

Third, the political cost borne by the political parties also includes their inability to stand on their own feet. The party structure is built in a way that ties the hands and feet of the three OPP's so that the center of New Order power is the only source of legitimization for party elites.

Thus, self-sufficiency is an irrelevant concept for the parties and GOLKAR [Functional Group], which are the products of "fusion." The self-sufficiency of parties came to an end with the enactment of a regulation (Law No. 3 of 1975) enabling unlimited interference by the state in party life.

Fourth, the biggest political cost borne by the political parties is of course their inability to take action for the sake of their voter communities. A critical attitude is so costly that the majority of activists tend merely to act "sweetly" toward the authorities.

Since the 1971 general election, not a single law has originated from bills drafted at the initiative of the parties or GOLKAR. The three OPP's merely improve (usually by editing) on bills submitted by the government. Thus, in an extreme way the parties and GOLKAR merely act as endorsers of policies prepared and issued by the government.

Under such structural conditions, is it possible for the parties and GOLKAR to make contribution to the democratization of politics?

In speaking of democratization, the most significant question is how to know the position of our people in politics. Where, and as what, are they positioned?

Factually, it is very clear that the position and role of the people have been declining since Guided Democracy, and the decline has reached its peak in the New Order. Their participation in politics is limited to casting votes in elections. When the elections are over, almost everything is designed by the state. This is so intense that the state even enters the very private lives of members of society through family planning and prosperous family programs, and in other ways.

In such a state-people relationship, the parties and GOLKAR are nowhere to be seen. The people are aware of the existence of parties only when their votes are needed to fill the ballot boxes during general elections. Thus, public participation simultaneously begins and ends at the moment of the election.

If democratization means a process of strengthening the control of the people over the state, there will not be, in the short term, any democratization under the New Order. Such marginal positions by the people and the political parties represent the most important obstacle to motion toward democratization.

On the other hand, the state itself is increasingly tightening its control over the life of the people, as reflected in the recent cancellations of the SIUPP's [press enterprise licenses] of three publications.

What I want to present here is that changes toward a more democratic political format appear unlikely to take place under a party structure like the one in effect now. From another aspect, it is probably almost impossible that state "generosity" in the loosening of control over the people will occur. Meanwhile, demands for change are more vigorous and are constantly increasing as time goes by.

Protests by farmers whose land is valued per square meter at no more than the worth of a cigarette, labor demonstrations in the cities, and provincial community protests against village chiefs assigned by the Central Government are instances of the inability of the political structure to accommodate the demands and aspirations of the people.

Therefore, all the elites of the three parties and GOLKAR need to realize the pressing need for political reformation during this PJP II [Second Long-Term Development Phase]. Changes toward a more just and democratic political structure will never occur without being initiated by the parties and GOLKAR themselves in the DPR.

Nevertheless, this reformation need not totally dismantle the New Order political structure, not only because it is nearly certain that the F-ABRI [Armed Forces Faction] and the F-KP [GOLKAR Faction] would not want it, but also because it is not clear that a total reformation is the best way out. Gradual change is the option that is possible.

If change in the political format means efforts to improve the role of parties and the quality of the DPR, the needed improvements involve changes in the material in the Election Law, the Political Party and Functional Group Law, and the Law on the Composition and Status of the MPR [People's Consultative Council], DPR, and DPRD's.

In the context of the Election Law, there should be improvement in the nomination mechanism so that candidates can know and be known by the people of the areas they represent. Of no less importance is the classic demand of the PPP and PDI that the OPP's be allowed to join the election committee structure at the lowest levels (KPPS [Balloting Implementation Groups].

As for the Political Party and Functional Group Law, the most important improvements probably involve at least two things. First, there is the inflexible limitation on the number of OPP's, thus leaving no opportunity for people dissatisfied with the three OPP's to form new parties. Limitation on the number of parties can be done naturally by imposing a minimum quota of votes that must be won by an OPP in order to be recognized and continue in existence.

Second, it is probably time to evaluate the state's authority through the president/mandatary to supervise, oversee, or suspend political party leadership, especially since the three OPP's have long been based on Pancasila [ideology of the Indonesian state]. As pointed out above, the existence of such authority not only gives them, especially the PPP and the PDI, an inferiority complex, but it also causes them not to be self-sufficient.

Although the ABRI [Indonesian Armed Forces] Dual Function is an inseparable part of the New Order political structure, a reinterpretation of it is probably needed so that the people will have a stronger acceptance of the concept.

One interpretation often offered by intellectuals is that of emphasizing the qualitative aspect of the ABRI Dual Function. In other words, ABRI's sociopolitical role need not be physical but can be more in the nature of ideas, concepts, and thought.

If such an interpretation is considered the best alternative, a review of the appointmént of 100 people from ABRI to the DPR is probably relevant enough for consideration.

Conclusion

Without the minimal change presented above, there is almost no hope for party and GOLKAR contributions to the formation of a more democratic political format. This means that the conferences, congresses, and national assemblies of our three OPP's will continue as we witnessed at the Third PPP Congress. Changes in leadership take place, and internal democracy and competition will probably increase; but almost none of that will have meaning for improving the position of the people in politics.

In this context, the "renewal" of the New Order party structure cannot be further postponed, because postponement means accumulation of the cost borne by the people, which in turn will be counterproductive for the desired growth and stability.

* Science Education Requires Financial Help

94SE0246E Jakarta KOMPAS in Indonesian 8 Sep 94 p 16

[FBIS Translated Text] Medan (KOMPAS)—It is time for the conglomerates to put aside some of their profits to raise the quality of science and technology teachers at colleges in Indonesia. In that way, the financial obstacles faced by colleges, especially private ones, in improving the quality of lecturers can be overcome by sending them for additional education at home and overseas.

Drs. Sunaryo, M.Sc., rector of the T.D. Pardede Institute of Science and Technology in Medan, said this to reporters Wednesday, 7 September, in Medan after opening orientation for new students.

"The involvement of the business world is very much hoped for, because, other than the government, the private sector is the one with the money," said Sunaryo, who was formerly director of vocational secondary education and secretary to the minister of youth and sports.

Sunaryo said that Dr. Bambang Sutjianto, staff instructor in the Machine Technology Department of the ITB [Bandung Institute of Technology], made an appropriate presentation in the seminar "Development of Human Resources through Long-Distance Study," which was held on the 10th anniversary of the Open University. Science and technology education in colleges in Indonesia are now of great concern as to both quality and quantity. One reason is the low quality of instructors.

Therefore, Sunaryo said, the involvement of the business community is very much hoped for. For example, this year 10 businesses will provide fellowships at home and overseas for instructors. If this continues, the quality of higher education in science and technology will improve.

Business help for science and technology education in Indonesia should be related to improving the quality not only of lecturers, but of equipment also. "It is time for the business community to put aside some of their profits for the advancement of the nation," Sunaryo said.

No Support

Another problem, Sunaryo added, is the low level of interest among teenagers at the secondary level in studying science and technology. Their excuse is that this field of study is very difficult and complex. This is an impact of the uninteresting way in which teachers present such subjects as mathematics, physics, chemistry, and biology, although these subjects are the basics of science.

"When I asked my son about subjects like mathematics, he said his teacher was boring," Sunaryo said. "When I went to school during the Japanese era, the teacher explained mathematics in a very enjoyable way. Then, when there was homework, we knew how to do it. Because it was enjoyable, we loved it."

Sunaryo said it is time for teachers to find teaching strategies that produce a love of science in students. To do that, the teacher must thoroughly understand the subject he is teaching his pupils. A mathematics teacher, for example, must understand mathematics thoroughly and extensively. The objective is for teachers to relate subjects to current developments and situations, so that explanations given to students will not be dry.

Sunaryo said that, for instance, when explaining mechanics a teacher can give an example by taking a coin from his pocket and dropping it. When students are asked to draw a conclusion from that example, they will say that all objects fall downward.

Laos

Thai Economic Delegation Arrives for Visit

BK1910104294 Vientiane KPL in English 0900 GMT 19 Oct 94

[FBIS Transcribed Text] Vientiane, October 19 (KPL)—A delegation of the senior economic delegation of the

Thailand-Laos Association headed by Anan Panyarachun, former prime minister of Thailand, arrived here yesterday morning on a cordial visit to the Lao PDR [People's Democratic Republic] between October 18-19 at the invitation of Khamphai Boupha, president of the Laos-Thailand Friendship Association.

Greeting the delegation at the Wattai airport were Khamphai Boupha, Asa Sarasin, president of the Thailand-Laos Association and former foreign minister of Thailand, executive members of the said association, Lao businessmen and Thai ambassador to Laos.

During the visit to Laos, the Thai delegation comprising dozens of Thai businessmen will pay courtesy visits to Phoun Sipaseut, vice prime minister, and Khamphoui Keoboualapha, vice prime minister and president of the Committee for Planning and Cooperation.

The delegation is scheduled to meet with the Laos-Thailand Friendship Association, and attend a seminar on the Thai-Lao relationship at Lan Xang hotel. The delegation will also visit the Houai Son Agricultural Development and Services Centre, Nagnang village, km 22, Nasaithong District, Vientiane Prefecture.

The friendship association was set up in Vientiane last year at the third meeting of the Lao-Thai joint committee.

Ends Visit, Departs 10 Oct

BK2010150694 Vientiane KPL in English 1007 GMT 20 Oct 94

[FBIS Transcribed Text] Vientiane, October 20 (KPL)—The high-ranking economic delegation of the Thailand-Laos Friendship Association led by Anan Panyarachun, former prime minister of Thailand, returned home yesterday afternoon through the Laos-Thailand friendship bridge.

At 1000 A.M. yesterday, Mr. Anan Panyarachun, Mr. Asa Sarasin, president of the Thailand-Laos Friendship Association, and the visiting delegation composed of dozens of Thai businessmen, accompanied by Mr. Khamphai Boupha, president of the Laos-Thailand Friendship Association, left for Nasaithong District, Vientiane Prefecture, to visit the Houai Son-Houai Soua agricultural development and services project.

The delegation was welcomed by Mr. Kou Chansina, director of the Agriculture Department and project directory board member, who briefed the visitors about the background of the project, the project operation and plans. These include the agricultural-forestry development, training of farmers, the construction of housing complex for personnel, the creation of model farmers according to the techniques of the project to practise intensive agriculture, and the construction of Houai Son and Houai Soua reservoirs capable of holding 5.7 million cubic metres for the water to 1,300 ha paddy fields in rainy season, and 800 ha in dry season.

At 1400 hrs. the presidents of the associations made clear to reporters about investment in Laos and issues on the common border at a joint press conference held at Lan Xang hotel.

As far as the investment in Laos is concerned, Anan Panyarachun said that the investment by Thai entrepreneurs ranks first among foreign investors in Laos. Unfortunately, the investment in industries in Laos is constrained by many factors. Laos is landlocked and has difficulties in road transportation. Anyway, Laos is rich in natural resources, especially hydropower sources. Some Thai major firms have invested in projects in Laos.

Nevertheless, it will take some time for Thai investors to play an important role in Laos. This means mutual benefit for Thai investors and Laos as well as Lao people.

* Officers Cite 1975 Unit Designations

94SE0248C Vientiane KONGTHAP PASASON LAO in Lao 24 Aug 94 p 2

[Unattributed report: "Pride in Taking Part in the Seizure of Power (the Feelings of Maj. Boualian Latthanongsai, a Former Combatant in the 'C 161' unit and of Capt. Bouakham, the Former Commander of the Women's Kamlangfai Company"]

[FBIS Translated Excerpt] Operating under the Party Central Committee's direction for coordinating the three strategic steps for taking over the administrative groups of the imperialist invaders' subordinates, the patriotic armed forces moved to the area of the Vientiane Municipality and other towns to support the people's uprising to seize power in the various towns and localities. This happened continuously after the beginning of May 1975.

Among units which moved in to support the seizure of power then were 'C 161,' 'B 705,' 'B 605,' the Women's Kamlangfai unit and others.

Maj. Boualian Latthanongsai, Deputy Political [Head] of 'B 661,' was one who joined those forces moving in to seize power in the Vientiane Municipality. He accompanied the officers and men of 'C 161.' He described the movement of forces to this correspondent thus: "at that time the command committee of 'C 161' included Comrade Bounleu who was the leader, Comrade Bounseu who was responsible for politics, and Comrade Khemphon who was chief of staff. They mobilized the cadres and combatants in the unit and passed on the orders of the Supreme Headquarters of the Lao People's Liberation Army [LPLA] for 'C 161' to move in to support the people's uprising in the capital, Vientiane. The unit started preparing its vehicles, weapons and the rations needed on 1 May 1975. After a short period of preparation which lasted until 9 May, they moved out and stayed temporarily in the area of Nanan Mountain in order to prepare and organize their forces. They proceeded according to the orders of the field headquarters as well as those of the Supreme Headquarters. The unit was divided into two combat groups. At the three corners at Sala Phou Khoun the first group went toward Kasi and Vientiane; the second group went toward Tham Ngeun and Kiou Kacham.

After the initial part of the plan had been accomplished, the unit stayed temporarily at Ban Chiang Village, Kasi District until 15 to 16 May. Then it moved on from there toward the capital, Vientiane. On the road there at each village the people were waiting to greet them in rows on both sides of the road to show their admiration. At that time the command committee divided the unit into three groups. The first group coordinated with 'B 705' in seizing control of the position of the other side's unit at Nong Tha. The second group coordinated with 'B 701' in seizing control of the positions of the puppet soldiers at kilometer markers 21, 23, 24, and 27. The third group moved to seize control of the staging area at Na Yang. The plan for the movement of these units was carried out according to the goals and achieved success without any casualties."

Major Boualian expressed his feelings about taking part in this historic seizure of power by saying that: "I am very proud I was able to take part in the successful seizure of power. I and the other members of the unit were then determined to complete our duties according to the slogan: for the party, for the people and for national liberation."

Captain Bouakham, a national hero and former commander of the Women's Kamlangfai Company, is now a pensioned cadre. She said of the movement of her unit that: "on 15 May 1975 the Women's Kamlangfai Company received orders from central authority and from the Supreme Headquarters of the LPLA to move into the city of Vientiane to support the uprising of the people to seize power." [passage omitted]

* Column Reviews Xieng Khouang Wartime Action

94SE0248B Vientiane KONGTHAP PASASON LAO in Lao 24 Aug 94 p 3

[Article by S. Vongphouthon: "The Fiercest Campaign of the National Liberation War"]

[FBIS Translated Text] If we go back 39 years to 1969, the struggle between our revolutionary forces and the imperialist invaders and their lackeys was at its fiercest point in the history of the National Liberation War.

After the imperialist invaders and their lackeys suffered serious defeats in the solidarity ODN [expansion unknown] battle and various other battles, at the end of July 1969 they mobilized more than 50 battalions together with modern military equipment. These forces included mercenaries from several countries, and they received air support from the bombers of the imperialists which flew 300 to 500 sorties per day. They opened the "redeem honor" battle by advancing onto the Plain of Jars in Xieng Khouang Province on a large scale and in a very brutal fashion. This is considered the fiercest battle in the history of the struggle by the Lao Army and people against foreign invasion which spanned three decades. In this battle the imperialists and their lackeys used the tactic of complete destruction according to the strategic military theory of the top imperialist leader in order to seize the strategic military area of the Plain of Jars and make it a white zone [area with no Lao People's Revolutionary Party presence] completely. Therefore they poured in all their forces and equipment. The strategic B-52's were used for the first time in this battle together with other aircraft, which dropped bombs, phosphorus bombs, napalm bombs and time-delay bombs along with the artillery fire from the ground to support the advance. They used aircraft to land soldiers to seize the important high areas using the tactic of threat and encirclement. They used aircraft equipped with loudspeakers to fly over and broadcast propaganda to threaten the people and the revolutionary forces into surrendering.

In this battle the enemy used many different types of forces and almost all its weaponry, and they caused great losses for our people in lives and property. Many thousands of the people of Xieng Khouang were forced to flee their homes and become refugees living in enemy-controlled areas. This turned Xieng Khouang into an abandoned town. The houses, granaries and temples were burned to ashes.

But no matter how much the imperialist invaders and their lackeys insanely risked death, they were not able to make this battle redeem them from defeat as they had hoped. On the contrary they were resolutely counterattacked by the revolutionary forces. The Party Central Committee decided on resistance. Our counterattack in the redeem honor battle was aimed at wiping out the new forces of the enemy, especially the special forces of Vang Pao, and liberating the Plain of Jars, Xieng Khouang and Meuang Soui. We conducted the battle in three stages. The first stage lasted from 25 October 1969 to 1 February 1970. The second stage lasted from 2 February to 28 February 1970. And the third stage lasted from 1 March to 25 April 1970.

In the first stage of the battle we were able to put more than 3,100 of the enemy out of action, and we were able to take control of the battlefield. We forced them into defensive positions and made them feel insecure so that they had to bring in four battalions of reinforcements to defend the Plain of Jars.

Then we started the second stage. We attacked the enemy staging area at Nong Pet and made a surprise attack on their central area at Long Cheng. Even though the enemy mobilized its forces in the air and on the ground to block our attack, they were not successful. We attacked their headquarters for the redeem honor forces in the center of the Plain of Jars and continued the attack toward Pot District, Xieng Khouang, and Meuang Soui. In each direction we achieved great victories.

In the third stage we attacked Sam Thong-Long Cheng, destroyed the nest of Vang Pao's plundering forces and seized Sam Thong and the outposts on the high areas around Long Cheng.

From August 1969 to 25 April 1970, which was the last day of the redeem honor battle, our Army and people wiped out five demi-battalions of the enemy, caused heavy losses in seven battalions, put almost 7,000 of the enemy out of action and destroyed almost 2,000 of their weapons of various kinds. These weapons included 25 artillery pieces, 121 vehicles captured and destroyed, and a number of aircraft shot down and destroyed. In addition we liberated the strategic Plain of Jars in Xieng Khouang completely. This turned the redeem honor battle into the lost honor battle, which ended with the stinging defeat of the invaders.

Today even though those terrifying events happened almost four decades ago, nevertheless the terror of that battle is still etched in the memories of our combatants and people who lived through the battlefield on the Plain of Jars in Xieng Khouang Province then and who think of 26 August as the day to be angry with the enemy crimes against our people in the redeem honor battle.

* Engineer Commander Noted Wartime Locations

94SE0248A KONGTHAP PASASON LAO in Lao 17 Aug 94 pp 3, 4

[Article by Major Thongsai Bouppha, chief of the Engineer Corps]

[FBIS Translated Excerpt] The combat engineers are a specialized unit. They are among the combat units providing the training to improve the strength and combat readiness of the Armed Forces of the Lao People's Army [LPA]. They were forged in the fires of the struggle to redeem the nation from the foreign imperialist invaders.

On 23 August 1954 at a location in a liberated area, the original combat engineer unit was established. It was just one unattached company which consisted of 150 cadres and combatants. (Comrade Khamdai and Comrade Khounsai made up the command committee at that time). Later, because of the demands of their duties and the growth of the combat engineers, they were organized into an unattached demi-battalion. (This was on 26 March 1961 in the area of kilometer marker four, Nong Gna Ma, Khang Khai, Xieng Khouang Province. The unit consisted of three companies. Comrade Hin was the commander then). The duties of the combat engineer unit during that time consisted of combat support and combat. [passage omitted] The cadres and combatants of the combat engineers together with other units of the LPA achieved great results and won several major victories which are inscribed in the history of the nation and which reverberated around the world (in the decade from 1960 to 1970) such as: the battles of Sala Phou Khoun, Tha Thom and Tha Viang in 1961; the battle of Nam Bak (1967 to 1968); the battle of ADN in 1968; the battles of Pha Te, Phou Viang, Phou Teung, Sam Thong, Long Cheng, Meuang Soui, and Pa Phai in 1967 and 1968; the battle of Redeem Honor-Arrogant Pride in 1969; and the preparations to seize power with marches toward Sala Phou Khoun-Kasi, and Vang Viang from 1971 to 1975. The combat engineers were very proud that the 27th combat engineer company was given the title of hero unit.

After the country was liberated, the combat engineers steadily grew in organization, personnel, vehicles, and technical weaponry, and its duties became more difficult and broader, for example: it went from being a service in 1963 to being an office in 1975, and it went from an office to the Department of Combat Engineers in 1979, which it is today. It went from being one unattached company to being several unattached companies, an unattached demi-battalion, and then an unattached battalion with several affiliated companies and demi-battalions. In order to carry out the two strategic duties of the party, namely to defend and build the nation, the combat engineers took on duties which were more difficult than those in the past such as: reconnoitering the situation of the enemy and the terrain; taking care of construction at Army positions, preparing and maintaining Army movement routes, supply routes and routes for moving forces; building explosive and nonexplosive obstacles; opening routes through areas with explosive and nonexplosive obstacles; searching out and destroying mines and other explosives; building and maintaining routes across waterways; preparing staging areas and bunkers; maintaining supplies of potable and nonpotable water; conducting activities to conceal and maintain the secrecy of various targets; performing combat engineering for various forces; and constructing things important for the defense of the nation such as: roads, bridges, aircraft runways, etc. [passage omitted]

Philippines

Government To Discuss Cease-Fire With Communists

BK1910042294 Quezon City Radio Filipinas in English 0230 GMT 19 Oct 94

[FBIS Transcribed Text] The government is ready to negotiate a cease-fire if it would help revive peace talks between the Philippines and the National Democratic Front. The disclosure was made by Defense Secretary Renato de Villa, who said they are willing to discuss a cease-fire with the communist rebels to disprove accusations of government insincerity. He also said that there is the possibility that the government may hold talks with other rebel factions; this after recent negotiations with the group of Jose Maria Sison and Luis Jalandoni bogged down.

AFP [Armed Forces of the Philippines] Vice Chief of Staff Alfredo Filler believes that the government has also considered talking with the other CPP-NPA [Communist Party of the Philippines -New People's Army] factions.

On the other hand, the president's visit to Saudi Arabia is expected to boost peace efforts in Mindanao, although he was not able to personally meet with MNLF [Moro National Liberation Front] Chief Nur Misuari due to hectic schedule, there is optimism that a settlement will be reached next year.

Communist Chief Cited on Resumption of Talks

BK1910105294 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 19 Oct 94

[FBIS Translated Text] Satur Ocampo, former National Democratic Front [NDF] spokesman, today said that the founder of the Communist Party of the Philippines Jose Maria Sison did not ask for the removal of Ambassador Howard Dee as head of the government negotiating panel.

Ocampo said he is in constant communication with the NDF leadership in the Netherlands because he is the adviser of the NDF. Ocampo added that Sison only expressed his sadness when Dee said that there is an NDF group in the Netherlands that opposes Sison's leadership. Sison also believes that the peace talks which collapsed might resume soon.

[Begin recording in progress, in English] [Unidentified correspondent] ...in Netherlands who simply refuse to talk to the government unless Howard Dee is replaced?

[Ocampo] No. I don't think it will be a question of personalities, unless NDF declares Mr. Howard Dee persona non grata, which is unlikely. They would have to talk with a panel headed by Mr. Dee. [end recording]

Ramos Says Sovereignty Issue 'Nonnegotiable'

BK2010050094 Quezon City Radio Filipinas in English 0230 GMT 20 Oct 94

[FBIS Transcribed Text] The Philippine Government will never accept the National Democratic Front's [NDF's] demand for recognition as a co-equal of the government in the peace talks. The president stressed that the issue of sovereignty is nonnegotiable. He explains that the constitution will not allow him to compromise the country's sovereignty.

President Ramos said the government is open to dialogue, talks, and negotiations that would lead to a just and lasting peace. But the president remains reluctant to explore peace negotiations with the other factions of the communist party.

Following the collapse of the talks between the Philippine Government and the NDF in the Netherlands last week, some leaders of Philippine Congress suggested to President Ramos that the government seek negotiations with the other factions of the communist party. Ramos, however, (?said that) the government must recognize some levels of representation. According to President Ramos, he remains optimistic that the talks could be reopened with the NDF.

MNLF Accuses Military of Cease-Fire Violations

BK2010052294 Manila PHILIPPINE DAILY INQUIRER in English 18 Oct 94 p 20

[Report by Raymond Burgos]

[FBIS Transcribed Text] Jeddah (via PLDT) [Philippine Long Distance Telephone Company]—Facing a possible collapse of peace talks with communist rebels, government may yet take another setback in its peace initiative as the Moro National Liberation Front [MNLF] accused military of violating the cease-fire agreement in Mindanao.

MNLF Chair Nur Misuari told newsmen covering President Ramos' visit to Saudi Arabia that MNLF forces "might be provoked to react accordingly" should the cease-fire violations remain unchecked.

Mr. Ramos had sought the support of Saudi King Fahd in putting an end to the Muslim secessionist movement in Mindanao during a 20-minute audience at the Royal Palace here.

"I really don't know what is the intention behind (these violations) but I am sure it is not helpful to all of us. In the long run, especially so if they will not put a restraint to this, MNLF might in the end be provoked to react accordingly," Misuari said.

He warned of an "all-out offensive" by Moro guerrillas should the peace talks fail.

Misuari noted that just like during the time of former President Ferdinand Marcos and Corazon Aquino, the cease-fire in Mindanao "has always been put at the twist of the finger of certain elements in the Armed Forces."

But Rep. Eduardo Ermita, member of the Philippine panel negotiating with the MNLF, denied Misuari's allegation that the military violated the cease-fire agreement forged in Jakarta last year.

Ermita, who is here as a member of the president's official party, said the Indonesian cease-fire observers who recently visited Mindanao were "satisfied" with the progress of the cease-fire between MNLF forces and government troops.

Speaking before Filipino ambassadors posted in the Middle East, Mr. Ramos said the Saudi Government played a crucial role in ensuring a long-term stability in Mindanao.

"The Saudi Government—a major supporter and host of the secretariat of the Organization of the Islamic Conference (OIC)—is a moderating influence in the peace talks between our government and MNLF which is ongoing through the good offices of our ASEAN neighbor, Indonesia," Mr. Ramos said.

The president noted that the Saudi Government has always adhered to the policy not interfering with the internal affairs of the Philippines.

He said the Organization of Islamic Countries, in which the MNLF holds an observer status, closely monitors the progress of the Mindanao peace talks.

"The Saudi Government's view coincides with our own—it is to give peace and civic stability an opportunity to take hold in Mindanao," he said.

Collapse of Government-NDF Peace Talks Viewed

BK2010063694 Manila MANILA BULLETIN in English 18 Oct 94 p 10

[Article by Orlando F. Aquino: "No Way for Peace"]

[FBIS Transcribed Excerpt] The collapse of the peace talks between the government and the communist movement, represented by the National Democratic Front (NDF) which is the political arm of the Communist Party of the Philippines (CPP), did not come as a surprise. In fact, we expected it because from the very beginning the NDF was negotiating like it was an equal—not as an insurgent.

For the government to have accepted the NDF demand would have been to surrender the sovereignty of the Republic of the Philippines. The communists' status would have been elevated to a higher plane of "belligerency." Moreover, the government could not in any way negotiate beyond what is contained in the Constitution because that would have been an act of treason—an impeachable offense.

There is no way that even an agenda for a peace pact could have been agreed upon unless the NDF accepted the fact that it is not an equal—it never was and never can be, considering that many of its members have already abandoned the lost communist cause and even renounced the leadership of Jose Ma. Sison, former priest Luis Jalandoni and those identified with their group.

Indeed, it is a tribute to President Ramos that he has not lost his patience in his search for peace despite the intransigence and unbending position of the NDF from the very start. A lesser leader would have long given up. [passage omitted]

Thailand

Deputy Prime Minister on Talks WITH U.S. Officials

BK2010025794 Bangkok Radio Thailand Network in English 0000 GMT 20 Oct 94

[FBIS Transcribed Text] Deputy Prime Minister Suphachai Phanitchaphak is confident that the United States will remove Thailand from its priority watch list within this year.

Mr Suphachai met U.S. Trade Representative Michael Kantor and Under Secretary of State for Economic and Agricultural Affairs Joan Spero this week in Washington, D.C. The meeting touched on such major issues as intellectual property protection, the setting up of the intellectual property and international trade court, and Thai- U.S. joint ventures.

Mr Suphachai said he was told that the U.S. Administration has approved in principle the removal of Thailand from the priority watch list following the recent passage of Thailand's copyright bill by the Senate. The passage of the bill means that Thailand will have a new copyright law soon.

Mr Suphachai said the U.S. is also expected to grant two concessions under the generalized system of preferences on several Thai exports to that country. He said the move shows a good sign of improved trade relations between Thailand and the U.S.

Cambodian Military Tribunal To Try Thai Suspects

BK2010132994 Bangkok Voice of Free Asia in Thai 1030 GMT 20 Oct 94

[FBIS Translated Text] Suwit Simasakun, director general of the Information Department, reported today that the nine Thai nationals detained in Cambodia will be put on trial beginning 27 October. In his capacity as Foreign Ministry spokesman, Suwit said Thai Ambassador to Cambodia Sakthip Krairoek met with the chairman of Cambodia's military tribunal, General Ney Thol, and was told that Cambodia will start hearing of the case and the nine Thais will stand trial on 27 October. Cambodia will provide defense counsel for the Thais since they had not indicated a desire to have their own lawyer. The lawyer provided by Cambodia is Srei Sali. The spokesman said that the Foreign Ministry will confirm with the Thais their decision on having a Thai lawyer and the Foreign Ministry will arrange one if necessary.

Sakthip told Ney Thol that the Thai Government considers this trial to be very important in regard to bilateral relations and it hopes to see the proceedings conducted with all propriety. Ney Thol assured him that the trial would be fair and just.

Soldiers Punished in Regard to Cambodia Coup

BK2010050994 Bangkok BANGKOK POST in English 20 Oct 94 p 1

[FBIS Transcribed Text] The Army has taken disciplinary action against Thai soldiers reported to be in Cambodia during the coup attempt in July, Army Commander Wimon Wongwanit said yesterday. Gen Wimon surprised reporters by revealing he had taker action against the group, but he did not give details and repeated the army line that it had nothing to do with the coup attempt. He said he believed the soldiers' presence in Cambodia was a coincidence.

"I would like to make clear that the Army and I had nothing to do with the event," he said.

If there was any reported involvement by Thai soldiers it might have been their personal affair as "it is not army policy. We did not send them there."

Gen Wimon said it was impossible for the Army would monitor the movement of its soldiers all the time, such as during holidays.

Meanwhile the Opposition yesterday called on the Government to "do something" about allegations the National Security Council had been involved in the coup attempt and the prolonged detention of nine Thai suspects by Phnom Penh.

Chat Phatthana Party leader Chatchai Chunhawan said the Government should try to solve the problem quickly since Thais had been accused of involvement in the coup bid.

Chat Thai leader Banhan Sinlapa-acha said the Government should release a statement explaining how it was handling the issue or whether any prominent figures in Thailand were involved in the coup attempt as has been alleged.

Prachakon Thai leader Samak Suntharawet said the Government had done nothing while the London-based Amnesty International human rights group had offered to help.

* Columnist Sees Sar Kheng, CPP Ruling Cambodia

94SE0257B Bangkok DAILY NEWS in Thai 7 Sep 94 p 2

[Column by Trairat Sunthonpraphat]

[FBIS Translated Text] The news from Cambodia is quite startling. It is definitely worth keeping an eye on things there, because there could be some major changes. First, there have been rumors that Mr. Hun Sen, the second prime minister—the first prime minister being Prime Minister Ranariddh—will be removed from his position and that Mr. Sar Kheng will be appointed deputy prime minister. That means that there will be only one prime minister. That will eliminate the power and influence of Mr. Hun Sen. Prior to this, there were rumors that Mr. Hun Sen was the person behind the plan to seize power in Phnom Penh.

As for these reports, it is known that Prince Ranariddh has flown from Phnom Penh to Beijing several times to see King Sihanouk in order to pay his respects and discuss a major reshuffle of the Cambodian cabinet.

Mr. Sar Kheng holds the position of joint minister of interior (there are two ministers). Concerning the changes in Cambodia, the Khmer Rouge have stated that the pro-Vietnam faction, or underlings of Vietnam, are taking power in Cambodia and that they have already done so in Phnom Penh. According to the Khmer Rouge, the Ranariddh faction has lost power to Hun Sen and his faction. That is, it is Hun Sen who wields real power and who leads Prince Ranariddh by the nose.

At the same time, Mr. Chea Sim, the chairman of the Cambodian People's Party (CPP) has seized control of parliament. Mr. Sar Kheng, the Cambodian minister of interior, has seized control of the police. Besides this, the minister of defense, Mr. Tie Banh, and two or three others have taken control of the military.

This, at any rate, is what the Khmer Rouge say. All of that must be taken with a grain of salt, because it is mostly propaganda and can't really be believed.

Mr. Hun Sen denied all those reports during his trip to Thailand. During his visit here, he met with the Thai minister of foreign affairs, Squadron Leader Prasong Sunsiri. They discussed the matter of Cambodia releasing the Thais now being detained in the wake of the recent coup attempt in Cambodia. Hun Sen promised that some of these people will be released.

Mr. Hun Sen is in poor health and had to enter a hospital in Phnom Penh several days ago because of high blood pressure. There have also been reports that he was sent to Singapore for treatment.

There are all sorts of rumors, but there are grounds for believing that the Cambodian cabinet will be reshuffled. We will have to watch and see which group seizes real power. If there is a clear outcome, that is, if the Hun Sen faction or Ranariddh faction seizes power alone, that means that the situation in Cambodia will become even more difficult. And if things turn out the way the Khmer Rouge say, the fighting in Cambodia will certainly spread. The great investment of money and effort to restore peace in Cambodia will have been a waste. The various factions will start fighting again.

We hope that it doesn't reach that stage, because Cambodia will fall into disorder again and no one will want to provide help again. And in the case of Thailand, all the help that we have given to the leaders there will just return to "bite" us.

* Investment, Conditions in Cambodia Viewed

94SE0256A Bangkok THAI RAT in Thai 10 Sep 94 p 19

[FBIS Translated Excerpt] [Passage omitted] Ambassador Sakthip Krairoek feels that Cambodia is a rather inhospitable country where travel is difficult and the standard of living of ordinary people is quite poor. [passage omitted]

Ambassador Sakthip said that it's as if Cambodia is cursed. At a time when things are already very difficult there, people continue killing each other. [passage omitted] He said that while everyone wants to help, the Cambodian people continue to fight among themselves. This seems very strange. Besides this, Cambodia has many resources, including gemstones. And there are gold mines in Ratanakhiri Province along the border with Vietnam. But they can't profit from their resources because they don't have modern technology. They can exploit only a few of these resources. And no one dares invest there, because it isn't safe enough. Thus, Cambodia will remain a frontier country.

Mr. Kasem Raksasap, an envoy to Phnom Penh who is responsible for consular activities, is a government official who has voluntarily served in Cambodia for two years now. [passage omitted] Mr. Kasem's personal view is that Cambodia can be revived. It depends on whether the country's leaders can forge unanimity and get the various factions to work together. If they are resolute and ready to make sacrifices to rebuild the country, they should be able to do that. [passage omitted]

Because Mr. Kasem is close to the situation in Cambodia, we could not refrain from asking him if the present situation is suitable for investing and carrying on business activities there. Mr. Kasem said that in his view, before investing there, people should, for the moment, wait and see. We need to see what laws will be enacted and how they will be implemented. As for business, things have slowed down. Business is not booming like it was last year.

Mr. Wuti Niphonkit, an official with the Ministry of Agriculture and Cooperatives, who has conducted agricultural seminars for Cambodians, particularly seminars on rice, talked about the educational situation in Cambodia. [passage omitted] A full professor with the Faculty of Literature at the university in Phnom Penh is paid a salary of $200 a month (approximately 5,000 baht). As for gaining entrance to a post-secondary school in Cambodia, anyone who has the money can do so without having to take an entrance examination, which is different from in Thailand. For example, those who want to study medicine have to pay $4,000 in order to gain admission. Those who want to attend the Chamkar Dong Agricultural College have to pay a bribe of $2,000. In Cambodia, there is no compulsory education as in Thailand. Even though the law states that children must attend primary school, in actual practice, in the rural areas this depends on how much the children want to attend school, because they lack teachers and classrooms. The morale of the teachers is low because their salaries are very low. A new teacher is paid only $20 a month, and a teacher who has worked for 20 years or more is paid only $30. Most of the teachers teach only two hours a day. After that, they leave to tend to their fields. In Cambodia, there are two sessions, a morning session from 0900 to 1100 and an afternoon session from 1400 to 1600.

Prostitution is very widespread. Prostitutes charge anywhere from $2 to $100 depending on the quality of the prostitute. Most of the prostitutes are Vietnamese girls. Few ethnic Cambodians work as prostitutes because they aren't as pretty as Vietnamese girls. In the cities, there are usually three-four brothels per road. In the countryside, brothels are everywhere. You can see them along both sides of the road. They offer girls ranging in age from 12 to 25. By the time they reach age 25, these girls have reached the end of their careers. Aren't people afraid of AIDS?

Navy Official Details Seizure of SRV Vessels

BK2010143694 Hong Kong AFP in English 1247 GMT 20 Oct 94

[FBIS Transcribed Text] Bangkok, Oct 20 (AFP)—The Royal Thai Navy seized seven Vietnamese fishing vessels and 66 crew members during the first half of this month, a senior navy official said Thursday.

Captain Sonnarong Buranadilok, director of operations for the Thai Second Fleet, told AFP that patrolling Thai frigates had netted seven medium-sized fishing boats between October 9 and 14, all in waters off the southern Thai provinces of Nakhon Si Thammarat and Songkhla.

Both Thailand and Vietnam have declared exclusive economic zones within 360 kilometers (200 miles) of their coasts, but the maritime borders overlap and both countries regularly seize one another's fishing boats and crews.

A statement from the Royal Thai Navy on Thursday said two of the captured boats were boarded 60 nautical miles southeast of the coastal province of Songkhla on October 9.

Three other vessels were caught 80 nautical miles off Nakhon Si Thammarat province on October 11, and two more in the same area on October 14, it added.

Vice Admiral Phadungrat Siphet, commander of the Second Fleet which oversees the area, was quoted in a press release as saying some of the fishermen claimed to come from Binh Thanh province in southern Vietnam. But he added that the coastal village, 800 kilometers (500 miles) from where the men were caught, was believed to be abundant in fish.

"It is not likely these people intruded Thailand's exclusive economic zone just to catch fish," Phadungrat said without offering an alternative explanation.

The Thai Consulate in Ho Chi Minh City has contacted Vietnamese authorities to complain about the encroachment, but Binh Thanh administrators said they knew nothing of the incidents, Captain Sonnarong told AFP.

The fishermen are to be detained and interrogated by the navy for 12 days and then handed over to immigration police for violating Thai territory, he said.

Fishermen caught in the disputed waters are usually fined 10,000 baht (400 dollars) and eventually set free, according to Sonnarong, who added that the new prisoners were the only Vietnamese in Thai custody.

"But there are 180 Thais in Vietnamese jails on similar charges," he said.

The Nation daily on Thursday quoted the chief of Thailand's Fisheries Department as saying the navy had pledged to send patrol boats to the rim of Thailand's territorial waters to protect Thai fishermen from harassment by pirates and unscrupulous officials of neighbouring countries.

Plotprasop Surasawadi said the patrols would focus on the overlapping exclusive economic zones of Thailand and Vietnam where he claimed piracy was abundant, the newspaper said. He was reported as saying that Thailand would do so without affecting the sovereignty of the neighbouring countries.

Official Reports on Repatriation of Lao Refugees

BK2010102694 Bangkok Radio Thailand Network in Thai 0530 GMT 20 Oct 94

[FBIS Translated Text] Damri Watthanasingha, deputy permanent secretary of the Interior Ministry, reported that after the ministry's announcement of the closure of the Lao refugee camp at Ban Napho, Muang Nakhon Phanom District, Nakhon Phanom Province, by the end of 1994, Lao authorities stated that Laos will be ready to accept the refugees home in three periods.

A total of 5,000 refugees will return to Laos in the first period from September to October 1994, with 3,000 more returning in the second period in late 1994. The rest will be accepted in the final period in early 1995. Regarding this, Laos will find homes for all the refugees in the various provinces. They may choose to return in big or small groups, or as individuals.

The deputy permanent secretary said the Thai authorities have taken measures to persuade Lao refugees to return voluntarily. As a result, 4,661 Lao refugees have returned home under the voluntary repatriation program. The Lao authorities will be able to accommodate this sizeable number in the first period.

Presently, about 7,000 Lao refugees remain at the Ban Napho camp. Thai authorities will step up campaigns to persuade them to return volutarily to their motherland.

The deputy permanent secretary added that the office of the United Nations High Commissioner for Refugees has been cooperative in encouraging Lao refugees to return promptly. The UNHCR has decided to increase subsidies for voluntary refugees who have returned to Laos from U.S. $143 to $390 per person.

Opposition Leader Predicts Early Elections

BK2010051294 Bangkok THE NATION in English 20 Oct 94 p A3

[FBIS Transcribed Text] Chat Thai Party leader Banhan Sinlapa-archa yesterday instructed his party MPs to prepare for any unexpected Political incident and also asked them to vote for the House-Senate committee's proposed charter amendment bill.

Banhan summoned all party MPs to meet him at his office where he stressed that they should with their constituents since the current political situation was uncertain. He said the Phalang Tham Party' reshuffle list was likely to be approved by Prime Minister Chuan Likphai.

"What I stressed to my MPs is that they get as close to their constituents as possible and that they all attend the House meeting to vote for the joint parliamentary committee's proposed charter bill," he said.

Deputy Chat Thai leader Thawit Klinprathum said Banhan told his party MPs to prepare for the next general election because of the present uncertain situation. He said the party has already starts handing out money for religious ceremonies.

Thawit said Banhan also instructed his MPs to recruit outsiders to stand for election under the party's banner.

Deputy Commerce Minister Releases Trade Statistics

BK2010051194 Bangkok THE NATION in English 20 Oct 94 p B2

[FBIS Transcribed Text] The Commerce Ministry has raised next year's export target by 15 per cent to Bt1.33 trillion. Thai exports in the past nine months reached Bt815 billion, up 19.3 per cent from the same period last year, said Churin Laksanawisit, deputy commerce minister yesterday. Exports this year will exceed the target of Bt1.065 trillion (up 14.6 per cent from last year) and reach more than Bt1.115 trillion, or up 18.5 per cent from last year, he said.

"Due to world economic growth and the good performance of Thai exporters, Thai exports in 1995 will reach Bt1.33 trillion," Churin said.

In the past nine months, exports by the agriculture sector increased to Bt137.35 billion (expected to reach Bt160 billion for the whole year) industry to Bt725 billion, ore and fuel to Bt3.47 billion and other goods to Bt128.97 billion.

Churin also forecast that if Thai exports grow steadily and world economic growth remains at 5.7 per cent Thai exports in 2000 will reach Bt2.5 trillion.

Churin and Sanit Worapanya, director general of the Export Promotion Department, said the Commerce Ministry is preparing to celebrate Thai exports exceeding Bt1 trillion for the first time in history. However, Thai exporters are facing shortages of raw materials to be processed for export.

Churin said the Commerce Ministry will help the private sector to find new sources of raw materials.

"The ministry will be deeply involved in negotiating with other countries to get the raw materials and also will provide funds for business trips to the private sector," Churin said.

"Our policy will shift to seeking raw materials after we have succeeded in finding new markets for Thai exports," Sanit said.

* Article Provides Background on Al-Arqam

94SE0255A Bangkok THAN SETTHAKIT in Thai 11-14 Sep 94 pp 14, 15

[FBIS Translated Excerpt] [Passage omitted] Al-Arqam was founded in 1968 after Ashaari Mohammed, the group's top leader, came to believe that the political steps being taken by the PAS Party [Parti Islam], to which Ashaari belonged, to improve the lives of Malaysians could not achieve the desired results. Thus, Ashaari took steps to improve the lives of Malaysians by creating the basic factors of life through the propagation of religion. He is doing this through the group that he founded, which is named after a disciple of the Prophet Mohammed named Arqam bin abi-Arqam. Today, al-Arqam has approximately 10,000 members and several million followers. These people have the strength to carry on various religious, political, and business activities.

Al-Arqam, a foreign organization that is now well known to Thais, has a very complex organizational structure, resembling a cobweb. For example, on the business front, even if one business encounters problems, that will not deter the group's other business activities. On the other hand, this complex organizational structure helps the various entities to support each other. The revenues from the various businesses do, however, flow to one center, the headquarters of al-Arqam, which operates under the name "Al-Arqam Group of Companies Ltd." and which is located in Kuala Lumpur, the capital of Malaysia.

The philosophy behind the business activities of al-Arqam is to serve the people, including non-Muslims. Ashaari has frequently said that "we are doing our religious duty without any thought of making a profit. We want to carry out our social responsibilities in accord with the demands of Islam. We do not own anything. We are simply people in whom Allah has placed his trust." (THANG NAM, September 1994)

"The business activities of our al-Arqam group do not focus on making a profit. Rather, activities are based on our organizational tightness. Our business system is divided into 22 sections. Whenever we open a business in a country or region, we use the same principles. Regardless of where in the world our businesses are located, they all adhere to the same rules. There are people in each place who are responsible for looking after things there. Thus, if a business fails or business declines, that won't affect business elsewhere. Revenues, or profits, from elsewhere are, however, used to help those businesses that are having problems," said Phairat Annannap, the deputy manager for economic affairs for the al-Arqam organization in northern Thailand. (It can be said that he is the man who is responsible for the fate of al-Arqam's business activities in northern Thailand, because the manager for this zone is a Bruneian named Sini bin Haji Sola, who is simply a representative sent from headquarters. But it is actually Phairat who oversees and controls all the business activities in northern Thailand.) He was talking about the stratagem used by al-Arqam to build a business empire worldwide.

The business sectors mentioned above include administration and organization, food and factories, medicine and public health, public relations, high technology, mini-markets, livestock, imports and exports, land and real estate, capital, publications, clothing and jewelry, human development and vocational training, transportation, electronic communications (studios, videos), restaurants, agriculture, marketing, dry goods stores, tourism, foreign trade and investment, and small businessmen.

Al-Arqam is propagating its religious beliefs to people throughout the world. To date, it has established branches in and forged relations with 25 countries, including the United States, Spain, Syria, England, Gibraltar, Morocco, Jordan, Tunisia, Egypt, Indonesia, Australia, Singapore, New Zealand, the Philippines, Iran, Sri Lanka, South Korea, Kuwait, Pakistan, Japan, Brunei, Turkey, Hong Kong, Thailand, and Malaysia.

In Malaysia, it has established 19 branches in the various states. These include the Titi Tinggi branch in Perlis, Wangtapus in Kedan, Bakan Buya in Seberangrai, Balik Pulay in Pinang, Batu Hambar in Perak, Ipuh in Perak, Gelang in Selangor, Darulislam Kombak in Selangor, Darulislam Sunggi Rumbut in Selangor, Bukit Pegoh in Lelaka, Majar in Jahor, Sungai Ular in Pahang, Darulmanur Wakattapa in Trengganu, Kong Kulem in Kelantan, Kucing in Sarawak, Sandakan in Sabah, Kota Kinabalu and Kampong Sampadan in Pahang, and Darulama-amun and Sungai Pincala in Kuala Lumpur.

Worldwide, al-Arqam has started 417 projects under the supervision of the 22 companies in the al-Arqam Group of Companies. These companies have total assets of 300 million ringgit, or 2.87 billion baht. A total of 23 of these projects are located in Malaysia. This includes 56 food plants, 20 small shopping markets, 52 small shops that sell consumer goods, 36 bookstores, 21 tailoring shops, 20 machine factories, and 18 restaurants. The businesses that bring in the most money for al-Arqam are the industries that produce food and soft drinks, the Muslim perfume industry, and such goods as packaged rice and sugar.

All of the management plans have been carefully formulated so as to earn money. For example, the medical and public health section has established clinics to treat patients and deliver babies, the tourist section arranges tours, the livestock section raises cows, water buffaloes, and chickens for sale, and the electronics section produces videos. All of these activities earn money for the group. It can be said that the group has opened businesses of its own and that it provides services to both its own businesses and to those of others.

Thailand has become one of the business targets of al-Arqam. Tourism was the first business venture that they became involved in here. They arranged tours for members and followers who wanted to visit Thailand. They have been carrying on such activities since 1984. At first, they arranged tours for 200-300 people from Malaysia, Indonesia, or Singapore. The number of tour groups has increased from 2-3 a year to more than 10 a year. They also hold seminars in Thailand.

Instead of visiting just Bangkok, the tour groups now travel to all the provinces in the Thailand. The purpose of the tours of the al-Arqam group is to attract Muslims. They arrange food and drinks and places to stay that are in accord with [Muslim] religious principles. This is convenient for the Muslims who go on an al-Arqam tour, because they don't have to worry about violating the tenets of their religion. At present, the group is coordinating tours with two hotels in Thailand, the Nakhon Phrae Tower Hotel in Phrae Province and the Star Inn Hotel in Chiang Mai Province.

After achieving success in the tour business, they turned to the import-export business using the name al-Arqam Group, or AGC Group. An office was established at 121/7 Rakaeng Road, Muang District, Chiang Mai Province, in 1992. This company exports clothing. To produce the clothing, the group has established a cottage industry at Ban Rong Fong in Rong Fong Subdistrict, Muang District, Phrae Province. At least 30,000 items are exported each time. The villagers there can't keep up with all the work. They also export a minimum of 100,000 decorated fans a month. They export approximately 2-3 tons of fruit each time, with each shipment earning them more than 100,000 baht. At least five shipments are exported each month. Besides this, they also export bags and leather goods.

As for imports, they are now importing such goods as king crabs. Their office is located in Satun Province. The third type of business that they started here is raising livestock. Members and followers of the group raise cows and buffaloes in Pathumthani Province. They now have more than 100 head of livestock. The income earned is divided between those who raise the livestock and the al-Arqam Company.

Next, they opened a mini-market. This sells consumer goods used by Muslims and seafood. This store, called the Ayuthaya Market, is located in front of the Thawon Grand Hotel in Muang District, Phuket Province. The manager is Mr. Sa-at Sasan. The last business started here was a publishing business. They opened a computer center located at 17/4 Ko Klang Road, Nong Hoi Subdistrict, Muang District, Chiang Mai Province. This business works in cooperation with TAWAN NUA. It prints various documents and provides services to people in general. Mr. Anucha Sommanat is the head of the computer section.

It is estimated that more than 100 million baht has been invested in the five business activities started in Thailand. But at the same time, these activities are earning the al-Arqam Group of Companies much money. It has been revealed that monthly earnings are in the millions. But the al-Arqam group continues to adhere to the principle of not seeking to make a profit.

The business offensive launched by the al-Arqam group will not stop with this. This group is planning to expand its business operations regardless of the political situation surrounding the group and its leader. The group is planning to open mini-markets in all provinces where al-Arqam members reside. One will be opened on Chang Khlan Road in Muang District, Chiang Mai Province. A Muslim restaurant will be opened in Phrae Province, a squeezed orange juice plant will be opened in Wang Chin District, Phrae Province, and a chili and tomato sauce plant will be opened in Chiang Mai. They also plan to build a shrimp farm in the south and export shrimp to Malaysia and Singapore, where shrimp is a very popular food.

To carry on its business activities, the al-Arqam group has hired people to manage things in each area. At present, there are 10 such people. In the north, there are Mr. Phairat Annannap, Mr. Anucha Sommanat, and Mr. Chanwut Phuangphiphat, the editor of TAWAN NUA, in Chiang Mai Province. In the central region there is Mr. Sarot Annannap. In the south, there are Mr. Sakariya Samae in Yala Province, Mr Ahamat Lankute in Satun Province, Mr. Kasem Sala in Narathiwat Province, and Mr. Sama-ae Sarika and Mr. Sa-at Sasang in Phuket Province. Mr. Mohamed Adam is the person who is in overall charge.

"Ashaari has not done anything wrong. He is not a criminal. Muslims worldwide have held meetings and passed resolutions not to take action against the al-Arqam group with respect to its religious or business activities. This is because the group's activities do not affect Muslims anywhere. And an important point is that the group has only a few members," said Mr. Charan Malulim, a religious studies scholar with the Institute of Asian Studies, Chulalongkorn University, concerning the general view that Muslins have of this group.

However, many of the principles being propagated by the al-Arqam group are at odds with the principles of Islam, or Islamic principles have been twisted. For example, Ashaari, the leader of the al-Arqam group, is praised as a "prophet" who has the ability to communicate with the Prophet Mohammed. But most Muslims in the world believe that the Prophet Mohammed was the last prophet and that no one has greater powers than the Prophet Mohammed, who is considered to have been a messenger of God.

Besides this, the members of this group believe that Suhami Ti-al-Arqam is still alive and that the reports of his death are false. But most Muslims in the world believe that he died a long time ago. Another difference is that al-Arqam says that Islam requires men to have four wives. But Islamic teachings simply say that men are permitted to have four wives, that this must be based on necessity and fairness, and that the men must be able to look after their wives.

"They want to force Ashaari to adhere to Malaysia's security law. But that law is just "left-over garbage" from the British colonialists, who used such laws to suppress the countries under their control. This law has been condemned by people throughout the world, and demands have been made to have this law repealed. But Malaysia continues to use this law even though it is now an independent country. The actions taken by Thai officials to repatriate Ashaari are unwise. That is meant to please Malaysia. They have disregarded human rights principles," said Mr. Charat. He added that the business ventures of al-Arqam and its actions and practices are things that should be praised. As for its religious activities, if al-Arqam revises its teachings so that all of its teachings are in accord with Islamic teachings in general, even more people will accept this group. [passage omitted]

Organizational Structure of Al-Arqam

Proselytizing Section
Education Section
Kindergartens
Elementary schools
Secondary schools
Colleges

Economic Section
Production
Sales

Public Relations Section
Production of journals
Production of visual aids

Public Health Section
Medical clinics
Production of common household medicines

Agricultural Section
Livestock ranches
Fish ponds
Crop growing plots

Social Affairs Section
Domestic
Foreign

* Officials Discuss Insurance Laws, Regulations

94SE0262A Bangkok THAN SETTHAKIT in Thai 15-17 Sep 94 pp 1, 23

[FBIS Translated Excerpt] [Passage omitted] The Phaisan Insurance Company Ltd. submitted a request to open a branch, but the Office of the Judicial Council decided that because because this was a foreign activity, permission to open a branch had to be denied in accord with the 1992 Insurance Act. Mr. Uthai Phimchaichon, the minister of commerce, raised this issue at a cabinet meeting on 16 August. Mr. Tharin Nimmanhoem, the minister of finance, said that a decision should be made on whether this is to be considered a financial institution. Because if it is a financial institution, it is eligible for a waver under the Thai-American Treaty of Amity, the purpose of which is to keep the United States from pressuring us to allow branches to be opened.

Thus, the cabinet sent the matter to the Policy Committee on International Economic Relations, which is chaired by Mr. Suphachai Phanitchaphak, the deputy prime minister, for further deliberation. What happened was that, in addition to the Phaisan Insurance Company, there are another five insurance companies in which foreign shareholdings exceed the limit stipulated by law (25 percent). The five are the Commercial Union Insurance Company (Thailand) Ltd., the Guardian Insurance Company (Thailand) Ltd., the New Zealand Insurance Company (Thailand) Ltd., the China Insurance Company (Thai) Ltd., and the Bangkok Insurance Company (People's) Ltd. Recently, Mr. Uthai ordered the Department of Insurance to submit this matter to the Office of the Judicial Council for a determination on whether these companies are similar to the Phaisan Insurance Company.

Mr. Pracha Charutrakunchai, the director-general of the Department of Insurance, told THAN SETTHAKIT that this matter has been submitted to the under secretary of commerce for his signature so that the Office of the Judicial Council can decide if these five companies are to be considered to be foreign companies like the Phaisan Insurance Company. The department has provided background information on those who own shares in these companies. After the Judicial Council makes a decision, the department will have to review the establishment or expansion of branches of these five companies. They may be ordered to change their ownership structure so that foreigners do not hold more than 25 percent of the shares as called for by the 1992 Insurance Act.

A news source from the Legal Affairs Division, Department of Insurance, said that these five companies may not be considered to be foreign companies, because based on Revolutionary Council Announcement 281 [Alien Business Law], foreign ownership in these companies does not exceed 49 percent. The 1992 Insurance Act, however, stipulates that foreigners cannot own more than 25 percent of the shares in a company. In the case of these five companies, steps can be taken to adjust the percentage of the shares owned by foreigners to bring this within the limits set by law. These companies cannot be construed to be foreign companies as in the case of the Phaisan Insurance Company. This whole matter arose because of a difference of opinion among lawyers.

The same news source said that these five companies can be ordered to change the structure of foreign share ownership. That is, the minister of commerce can issue a ministerial regulation. This is because Article 125 of the 1992 Insurance Act states that the regulations and conditions in force at the time this act was promulgated are to remain in force as long as they do not conflict with any provisions of this law until such time that new ministerial regulations are announced or new regulations or conditions are stipulated in accord with this act. Mr. Wisit Sunepa, the deputy managing director of the Commercial Union Insurance Company, which is one of these five companies, said that the board of his company has not yet met to discuss this matter, that is, the matter of the department construing his company to be a foreign company just like the Phaisan Insurance Company. His company feels that that it has been conducting itself in accord with the law and that it received permission from the former department registrar. The company will have to discuss the decision made by the Office of the Judicial Council. As for the company's plans to expand the number of branches, an insider news source said that at a recent meeting, the company's executive board discussed opening another three branches in the provinces. At present, it has only three branches, that is, Khon Kaen, Hat Yai, and Chiang Mai. It is considering opening branches in Chonburi and Phitsanulok. The location of the third new branch is still under discussion.

As for the Bangkok Insurance Company Ltd. (People's), Mr. Chai Sophonphanit, the chairman of the board and the managing director, talked about solving this problem. He said that capital will be increased in order to adjust the percentage held by foreigners. At present, foreigners hold about 29 percent. Increasing capital will enable the company to keep foreign holdings below 25 percent as required by law. At the annual shareholders meeting held on 11 April 1994, the shareholders approved increasing registered capital from 100 million baht to 200 million baht and issuing 20 million shares of common stock. These will be allotted to shareholders at a rate of one new share per one old share at a price of 5 baht per share.

According to a report by the Department of Insurance, the Commercial Union Insurance Company (Thailand) Ltd. presently has three branches, in Khon Kaen, Hat Yai, and Chiang Mai, and it has requested permission to open four new branches in Nakhon Ratchasima, Rayong, Phuket, and Surat Thani. The Bangkok Insurance Company (People's) Ltd. has branches in Chiang Mai, Hat Yai, Khon Kaen, and Bangkok. The New Zealand Insurance Company (Thailand) Ltd. has one branch in Chiang Mai. The Guardian Insurance Company Ltd. has branches in Khon Kaen and Hat Yai. The China Insurance Company (Thai) Ltd. has not yet requested permission to open any branches.

The Guardian Insurance Company, the Commercial Union Insurance Company, and the New Zealand Insurance Company are branches of foreign insurance companies that began carrying on operations in Thailand in 1982-1983. The insurance registrar at that time urged these three companies to register as Thai companies, with Thais holding more than half of the shares, so that they could increase the number of branches and establish branches in Thailand. But if the Judicial Council decides that these are foreign companies and cannot add new branches, that will definitely affect the operations of these five companies. During the first quarter (January-March) of this year, the market share of these five companies totaled 13.75 percent. In particular, the market share of the Bangkok Insurance Company alone was 8.9 percent.

If the Judicial Council decides that foreigners cannot own more than 35 percent of the shares in an insurance company (the present limit is 49 percent), that could affect the stock prices of the 17 insurance companies listed on the stock market, such as the Si Ayuthaya (B) Insurance Company Ltd., the Thewet Insurance Company Ltd., and the Phat Insurance Company Ltd. This is because the insurance group is one of the securities groups in which foreign investors are interested.

Vietnam

Reportage on Ninth National Assembly Session

Preparatory Meeting Adopts Agenda

BK1910132094 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 19 Oct 94

[FBIS Translated Text] Prior to returning to Hanoi to attend the Ninth National Assembly's sixth session, National Assembly deputies and National Assembly delegations in various areas nationwide had arranged to meet the people of various strata on many occasions to solicit their views and suggestions on pressing issues to be resolved by the National Assembly.

Various National Assembly delegations had also studied and discussed beforehand the important issues to be examined and decided by the National Assembly at the upcoming session.

Over the past few months, the National Assembly Standing Committee and various organs of the National Assembly have closely cooperated with the government and relevant organs in having preparatory work satisfactorily carried out to help improve the results of the upcoming session.

Various National Assembly delegations met this morning to exchange views on the planned agenda for the upcoming session. The National Assembly held a preparatory meeting at the Ba Dinh conference hall to pass the agenda for the upcoming session.

Assembly Agenda Previewed

BK2010015694 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 19 Oct 94

[FBIS Translated Text] The sixth session of the Ninth National Assembly is due to open this morning at the Ba

Dinh conference in Hanoi. This time the session is going to be held earlier than those year-end sessions in the past to facilitate the early deployment of various tasks for 1995 and to allocate budget resources to various localities for use in their operations.

At this session, the National Assembly will evaluate the situation regarding the implementation of the National Assembly resolution on tasks for 1994 and the orientations and tasks for 1995; finally balance the 1993 state budget; review the movement to practice thrift and to fight corruption and smuggling; and prepare a law-building program for 1995.

In today's 1800—1100 GMT—newscast, we will carry a detailed report on the opening session of the National Assembly. You, friends, are invited to tune in.

Prior to returning to Hanoi to attend this session, various National Assembly deputies and National Assembly delegations nationwide arranged many meetings with the people of various strata to solicit the views and suggestions of voters over those pressing issues to be resolved by the National Assembly. Various national assembly delegations also studied and discussed beforehand the important issues to be examined and decided by the National Assembly at this session.

Over the past few months, the National Assembly Standing Committee and various organs of the National Assembly have closely cooperated with the government and relevant organs in having preparatory work satisfactorily carried out to help improve the results of the session.

Session Opens 20 Oct

BK2010062994 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 20 Oct 94

[FBIS Translated Text] The sixth session of the Ninth National Assembly opened this morning at the Ba Dinh conference hall in Hanoi.

Before beginning their session, National Assembly deputies paid a floral tribute to President Ho Chi Minh at his mausoleum and laid a wreath at the Memorial Monument for Fallen Heroes.

At 0900 the National Assembly opened.

Following an opening speech delivered by National Assembly Chairman Nong Duc Manh, Prime Minister Vo Van Kiet read a government report on the situation regarding the implementation of the National Assembly's resolution on tasks for 1994 and the orientations and tasks for 1995.

Prime Minister Vo Van Kiet's report contains two main parts with the first part evaluating the situation in 1994 and the second setting forth some major issues to be resolved in 1995.

As for the achievements accomplished in 1994, the report pointed out that despite being faced with considerable natural calamities, it is likely that the gross domestic product growth rate in 1994 will reach 8.5 percent, industrial production output will increase by 13 percent, and agro-forestry production output by 4 percent; that export value will reach $3.6 billion—an increase of 20 percent compared to the planned target—the exchange rate and the gold price will not undergo any major fluctuations; and that budget revenue will rise by 27 percent. The socioeconomic achievements in 1994 will greatly contribute to consolidating public order and national security and defense.

Although the economic growth rate is rather good, efforts have not been made to bring the economy to full and steady play. The qualities of work and the economic results are still limited in many areas. The financial and monetary system has not been able to catch up with economic development. The state management apparatus is still bulky while foreign economic relations continue to display numerous weaknesses.

The report presented by Prime Minister Vo Van Kiet also set forth the six major tasks to be carried out in 1995:

—urgently renovating the financial and monetary system,
—improving the quality of development planning,
—developing the integrated strength of various economic components,
—developing foreign economic relations,
—renovating the education system and paying attention to providing training and additional training for the people,
—renovating the national administrative system in conjunction with efforts to carrying out economic renovation.

Also at this morning's session, Finance Minister Ho Te reported on the situation regarding the implementation of the 1994 state budget, on the 1995 state budget estimate, and on the final balance for the 1994 state budget.

The National Assembly will continue in session at the conference hall this afternoon.

In this afternoon's 1800—1100 GMT—newscast, we will carry a detailed report on the opening session of the National Assembly.

Vo Van Kiet Presents Report

BK2010090294 Hanoi VNA in English 0706 GMT 20 Oct 94

[FBIS Transcribed Text] Hanoi Oct. 20—The Ninth Assembly [NA] opened its sixth session here this morning in the presence of party General Secretary Do Muoi and state President Le Duc Anh.

In the opening speech, National Assembly Chairman Nong Duc manh said that this session began about two months earlier than usual to 'facilitate the preparation for making plans for 1995'. During the session the deputies, he continued, will hear the government's report on the implementation of the tasks for 1994, and the orientation and tasks for 1995, the state budget in 1994 and the state's external activities in 1994. They will also hear report delivered by the NA Standing Committee, the People's Supreme Court, the People's Supreme Inspectorate, and other reports of some NA Commissions on important issues.

Following the opening speech, Prime Minister Vo Van Kiet delivered a government report, saying that the gross domestic product (GDP) in 1994 may see an increase of 8.5 per cent (as against 8 per cent planned), industrial production up by 13 per cent (compared with the plan of 11 per cent), the agriculture and forestry sector are expected to see a four-per cent increase in output, inspite of natural disasters, and the import-export value grossed 3.6 billion US dollars, an increase of 20.8 per cent. In other words, he said, the economy has since 1989 chalked up a growth rate of over five per cent. In the first four year's implementation of the five-year 1991-95 plan, with an average GNP growth rate of 7.8 per cent (as against the plan of 5-6 per cent), many important economic targets for 1995 have been met and exceeded the plan for 1994.

The report also summed up achievements in the political, cultural and social fields, and put forward the orientations and tasks for 1995.

At the opening session, the National Assembly also heard reports by some cabinet ministers.

Phan Van Khai on Investment Reform Priorities

BK1810050094 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 17 Oct 94

[FBIS Translated Text] After attending a special seminar on Vietnam which was held during the third high-level Europe-East Asia conference in Singapore, Deputy Prime Minister Phan Van Khai granted an interview to a NHAN DAN correspondent on issues arising from the seminar.

In the interview, Comrade Phan Van Khai revealed that although 230 people registered for the seminar, actual attendance was more than 300. All our friends closely followed and highly valued our economic achievement, and sympathized and supported our multilateral and multifaceted foreign policy which allow Vietnam to befriend all countries.

Our friends raised their concerns, however, on our puzzling investment procedures, saying that there are too many doors to get through while the decision-making process is very unclear. Our investment law is attractive but has not been implemented effectively, and if we continue without any adjustment and improvement, negative effects will be seen in foreign investment.

Phan Van Khai said that both opportunities and challenges are awaiting us. The opportunities are results of our successful renovation undertaking, which has enhanced our prestige. We possess an attractive market and an ability to receive considerable foreign investment. We have favorable conditions for attracting modern technology and learning business expertise from many countries. To successfully take advantage of the opportunities, we have to overcome the weaknesses and shortcomings of a small-scale commodity production economy.

We have to reevaluate our investment policies, structures, and procedures and make them simple and sound, fighting all negative practices to make the leadership mechanism clean at all levels.

The most critical challenge to us is our weak starting point. If our goods are not strongly competitive, we will become a consumer market or labor-intensive market for countries with greater industrial experience.

Another issue for us to ponder is how to maintain our own personality while interacting with the region and the world. Vietnam is not a country with an abundant labor force, and we should learn to use our labor resources effectively to produce high value goods.

Phan Van Khai stressed that businesses should be serious in renovating and improving their technologies and management while striving for production of high value goods. Business contracts should be fulfilled seriously, as that creates trust in customers. Marketing activities should be strongly developed.

Phan Van Khai said that in order to be competitive, our goods need excellent processing technology. To increase export volume, careful planning, and research on exports and development should be done for trades and industries with good export potential. Highest priority should be given to improving investment administration procedures, making it a one-stop policy to avoid inconvenience and wasted time.

U.S. Military Intervention Termed 'Unacceptable'

BK1910115694 Hanoi Voice of Vietnam Network in Vietnamese 1400 GMT 18 Oct 94

[From the "Topical Talk" Feature]

[FBIS Summary] In world current affairs there is a trend that causes concern for many countries because it advocates intervention and sanctioned measures to resolve internal conflicts which go beyond limitations.

World public opinion has been worried about what has happened in Bosnia-Herzegovina, Afghanistan, Rwanda, and Somalia. What happened more recently in the Caribbean caused the public even more concern. "After days of negotiations and military pressures, the fuse of a

U.S. attack on Haiti was lit, causing the military leaders to agree to step down. Despite this arrangement, U.S. troops nevertheless landed on Haitian soil." In total, 16,000 U.S. soldiers have arrived in Haiti.

"The U.S.-Haiti agreement is a great relief to the whole world as more bloodshed was avoided. But there are still many issues arising both politically and militarily from this matter. From the commitment to support President Aristide to the sanctions and military intervention, President Clinton gambled a significant amount of his prestige and that of the United States on his Haiti policy. Military intervention was not supported by the majority of congress and the people. Some in the United States think that the Clinton administration has gained a victory with the smooth intervention in Haiti, while others feel that the administration is now facing unpredictable problems. The real test is not only bringing troops to Haiti, but also bringing the situation under control. The prolonged presence of the U.S. Army in Haiti will undoubtedly cause an anti-American attitude among the people. The prestige of Mr. Clinton will rise for the time being, but what can people tell about the attitude and actions of the United States in dealing with a neighbor of only 6 million inhabitants and a poorly-equipped Army of less than 7,000 troops."

In another part of the world, another crisis has also occurred and world public attention has again focused on U.S. military intervention. "Under U.S. pressure, the UN decided to extend sanctions against Iraq. They held that in spite of progress made in destroying assault weapons, Iraq has not fulfilled all of its commitments. They also insist that Iraq recognize Kuwait's sovereignty and its borders as established by the UN in May 1993. They have connected the issue of assault weapons with politics".

Since the day sanctions were imposed on Iraq, its economy has been totally destroyed and tens of thousands of people have died from disease and starvation.

Tensions rose in the last few days at news of the mobilization of Iraqi troops near the Kuwaiti border. When Iraq announced the withdrawal of its troops, President Clinton countered that there were no indications of such a move. Based on this assertion, the United States went on with a troop buildup in the Gulf and the sanctions remain.

"The rough imposition of sanctions and military intervention taking place in Haiti and the Gulf are unacceptable to the majority of progressive mankind. The independence, sovereignty, and internal affairs of each country are sacred and nobody can intervene or substitute, especially when the intervention is blatantly done by military force of outsiders".

Ministry Rebuts PRC Territorial Water Claim

OW1910150494 Hanoi Voice of Vietnam in Mandarin 0830 GMT 19 Oct 94

[From the "News" program]

[FBIS Translated Text] A spokesman for the Vietnamese Foreign Ministry has confirmed that in accordance with international maritime laws, especially the provisions in the International Convention on Maritime Law adopted in 1982, there are no high seas in the Vinh Bac Bo [Beibu Wan—Gulf of Tonkin]. This confirmation was made by the Vietnamese Foreign Ministry spokesman in response to reporters' questions about a statement by a Chinese Foreign Ministry spokesman on 14 October [date as heard] concerning Vietnam's activity in the Vinh Bac Bo.

The Vietnamese Foreign Ministry spokesman also pointed out: The Chinese side claimed that waters 12 nautical miles beyond the Vinh Bac Bo are part of the high seas where Chinese fishing trawlers have the right to freely carry out fishing operations. Such a claim is against international maritime laws and encroaches on the sovereignty of a coastal country, Vietnam, over its exclusive economic zone and continental shelf. According to international law and practice and to Vietnamese laws, the country has the right and responsibility to defend its territorial waters.

The Vietnamese Foreign Ministry spokesman continued: The Vietnamese side has initially agreed to an equitable delineation of the Vinh Bac Bo in accordance with international law. While Vietnam and China have actively (?resumed) talks on delineation of the Vinh Bac Bo, the Vietnamese administration of territorial waters fully has the right to safeguard its sovereignty according to customary international administrative practices. The Vietnamese side demands that China inform its own people to stop their chronic violations of Vietnam's sovereignty over its exclusive economic zone and territorial waters.

Japan Said To Become Top Foreign Investor

OW1910120094 Tokyo KYODO in English 1121 GMT 19 Oct 94

[FBIS Transcribed Text] Hanoi, Oct. 19 KYODO—Japan may shortly become the largest source of foreign investment in Vietnam notwithstanding its current "tardiness to invest," a publication affiliated with the Vietnamese Ministry of Trade has predicted.

"Japan may soon hold the leading position among foreign investors," forecast the weekly VIETNAM ECONOMIC NEWS, attributing the view to investment specialists.

But Japan's current level of investment remains "modest," the magazine said, noting that it ranked in seventh place behind Taiwan, Hong Kong, South Korea, Australia, Singapore and Malaysia at the end of last month.

It said Japan, Vietnam's largest trading partner, has so far invested in 60 approved projects with a total capital of 522 million dollars, including 44 joint venture projects, six business cooperation contracts and 10 sole investor enterprises.

"Infrastructure and technological development has not yet developed enough to give investors confidence," it said.

The biggest Japanese project so far has been the Hai Thanh Kotobuki joint venture, with a total investment capital of 80 million dollars, for construction of a five-star hotel in Ho Chi Minh City.

Following that is the Vina Kyoei joint venture utilizing 46 million dollars for steel production, followed by four oil and gas exploration contracts with an average capital of 33.3 million dollars.

The rest are medium-scale projects of under 4 million dollars, the report said.

Commentary Views Relations With ASEAN States

BK1710133694 Hanoi Voice of Vietnam in English 1000 GMT 17 Oct 94

[Station commentary]

[FBIS Transcribed Text] A delegation of senior Vietnamese Government officials from different ministries led by Deputy Foreign Minister Vu Khoan has visited Thailand, Malaysia, Singapore, Indonesia, and Brunei. The Vietnamese officials had working sessions with the Secretariat of the Association of Southeast Asian Nations, or ASEAN, and government agencies in each countries. Meanwhile, Deputy Foreign Minister Le Mai visited the Philippines. Our radio comments on the relations between Vietnam and ASEAN member countries:

Relations between Vietnam and ASEAN, both bilateral and multilateral, are developing positively. Over the past few years, high-level delegations from ASEAN as well as delegations from most of the member countries of ASEAN and Vietnam have exchanged visits in order to strengthen mutual understanding and develop bilateral and multilateral cooperations. Political and business circles, intellectuals, and representatives from different sectors have also established cooperation in many fields, including politics, culture, society, science, and technology.

Vietnam, Laos, and Cambodia, for the first time, attended the 27th regular conference of ASEAN in Bangkok in July. The presence of these countries proves the common concern of the Southeast Asian countries over important issues relating to the destiny of over 300 million people in the region. These issues focuss on peace, stability, cooperation, and development.

ASEAN member countries, at the 27th conference, also dealt with access to ASEAN by Vietnam and other Southeast Asian countries. The conference officially announced that ASEAN welcomed Vietnam's participation in ASEAN, considering it an important contribution to building Southeast Asia into a region of peace, stability, cooperation, friendship, and prosperity.

With the open-door policy to be friends with all nations in the world and to strive for peace, independence, and development Vietnam, over recent years, has respected and promoted bilateral and multilateral relations with ASEAN countries. Vietnam has signed the 1992 Bali Treaty and has been an ASEAN observer since 1993. Vietnam has also joined six ASEAN committees and was invited by the ASEAN Executive Committee to take part in five cooperation projects.

During the visit to ASEAN member countries by Vietnamese delegation led by Deputy Foreign Ministers Vu Khoan and Le Mai, the Vietnamese officials were acquainted with the activities and organizations of cooperation within ASEAN. The ASEAN officials from member countries promised to help Vietnam in personnel training to meet the requirements for regional and international cooperation.

State Bank Group Attends Conference in Mongolia

BK1910072094 Hanoi VNA in English 0612 GMT 19 Oct 94

[FBIS Transcribed Text] Hanoi VNA October 19—A delegation from the Vietnam State Bank led by [word indistinct] Cao Si Kiem attended the conferences of the Councils of the International Bank for Economic Cooperation (IBEC) and the International Investment Bank (IIB) held in Ulanbataar, Mongolia in mid-October.

At these conferences, Governor Cao Si Kiem stressed that Vietnam supported and woud contribute to the commercialization of the two banks' activities as decided in their councils' resolutions.

The Vietnamese delegation met with leading officials from IBEC and IIB to discuss further issues aimed at promoting cooperation between Vietnam and the two banks. It also had working sessions with the State Bank of Mongolia, during which Governor Cao Si Kiem signed a memorandum of understanding on cooperation between the two banks especially in the exchange of banking experience.

Australia

Evans Hails U.S.-DPRK Nuclear Accord

LD1910190094 Melbourne Radio Australia in English 1700 GMT 19 Oct 94

[FBIS Translated Excerpt] Australia's foreign minister, Gareth Evans, says the nuclear agreement between North Korea and the United States has significant implications for peace in the region. [passage omitted]

Senator Evans told parliament the Australian Government regarded the agreement as being of the highest importance and was a major breakthrough for peace in the Asia-Pacific region and for global security.

Opposition Questions Visit by Chinese General

BK2010030494 Melbourne Radio Australia in English 0100 GMT 20 Oct 94

[FBIS Transcribed Text] Australia's parliamentary opposition says the federal government is in a difficult position over the visit to Australia by a high-level Chinese general.

The deputy chief of staff of the People's Liberation Army, General Xu Hiuzi, has accepted an invitation to visit Australia. But the opposition Liberal Party says General Xu has been promoted to four-star rank, placing doubt on whether his visit can proceed.

The party's spokesman on foreign affairs, Peter Reith, said that after the Tiananmen Square massacre in 1989, the Australian Government bans visits by Chinese four-star military officers. But, Foreign Minister Gareth Evans said defense cooperation and high- level consultations are exactly the kind of trust and confidence-building measures Australia has sought with other countries in the region and this also applies to China.

Senator Evans added that the government has invited Gen. Xu to Australia and was waiting for the Chinese to propose a suitable date.

U.S.-Japan Trade Relations; GATT Viewed

BK1710114394 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 30 Sep 94 p 21

[Article by Michael Stutchbury from the "World Opinion" section: "NAFTA-Fatigue Strains U.S. Trade Negotiations"]

[FBIS Transcribed Text] Consider the worst that could happen: Bill Clinton triggers trade sanction action against Tokyo this weekend. The financial markets recoil, with a weaker dollar sending American interest rates soaring and a stronger yen snuffing out Japan's nascent economic recovery.

In Washington, Clinton figures he finally has the numbers in Congress to pass the GATT's Uruguay Round world trade deal. But a couple of Republicans jump ship, sinking seven years of tortured international negotiations that last year agreed to wind back global trade barriers.

Spooked by Washington's refusal to lead, Japan and Europe similarly back off from validating the Uruguay Round.

Clinton goes to the November APEC [Asia Pacific Economic Cooperation] summit in Indonesia with the Asians antagonised by his trade attacks on Japan and with Congress having dethroned America from global trade leadership.

The APEC summit fails to agree on a target of free trade in the Asia Pacific by the year 2020. Japan jumps off the fence to promote the Malaysian-inspired East Asian Economic Caucus. And the world divides into American, European and Japanese trading blocs—with Malaysia blocking isolated Australia's entry into the Asian Free Trade Area.

While this is a full-blown worst-case scenario, and events are not likely to unfold just like this, there is perhaps a 20 to 30 per cent chance of American rejection of the GATT and maybe a 40 per cent chance of a downward spiral in US-Japan trade relations.

Suddenly, Bill Clinton faces a rerun of last year's nail-biting—but ultimately successful—battles to pass the North American Free Trade Agreement and sew up the GATT deal in Geneva.

At a conference in Seattle last weekend, Australia's ambassador to Washington, Don Russell, attributed this to a "NAFTA fatigue" produced by the "nastiness" of last year's debate over free trade with Mexico.

But, as Bob Hawke pointed out at the same conference, this fatigue also reflects a broader American tiredness over bearing the burden of being the head keeper of the post-World War II global trading system. The end of the Cold War has pulled out the main planks that have supported America's internal consensus for global leadership in both strategic and trade policy. As Hawke put it: "The real question...now is whether there is any longer the will and the confidence on the part of the United States to continue to see multilateral global reduction of barriers as the way to go, or whether they are going to say, 'We are not going to go any further unless there is a specific quid pro quo for the United States.'" Ironically Washington's policy towards Tokyo has reached its new shrill pitch at a time when the US economy is looking the best—and Japan's the sickest—for two decades. However, the American political system seems to require such economically xenophobic Japan bashing to absorb its domestic protectionist pressures outside the GATT arena.

The Uruguay Round itself is nowhere near as controversial as NAFTA was this time last year. With the promise of global export gains, business is more solidly supportive; organised labour has largely held its fire, and the

Democrat leadership in Congress is united behind it rather than being badly split as with NAFTA.

But, as well:

—Rather than low-wage Mexicans, the isolationist bogy of Ross Perot and others this time is a loss of US "sovereignty" under the proposed World Trade Organisation.

—Sensing a chance of gaining control of Congress in the coming November elections, the Republicans are less enthusiastically behind GATT than they were with NAFTA. Many are tempted to inflict another defeat on Clinton.

—Clinton over-reached by adding Democrat concerns of labour rights and the environment to the GATT bill's "fast track" trade negotiating authority. The successful Republican revolt may mean that a generalised fast track authority has gone forever.

From now, American presidents may need permission from Congress for every trade deal.

—The budget deficit legacy of the 1980s forced Clinton to find spending cuts and tax hikes to fund the loss of $US12 billion in import tariff revenue from the Uruguay Round's first five years.

In fact, the stronger economic growth generated by lower world tariffs almost certainly would boost US tax revenues. But this budget restraint means that Clinton needs a super- majority of 60 out of 100 votes in the Senate to pass the GATT.

—After having spent a fruitless year on health reform, Clinton waited until the last moment to get GATT through Congress. This has left him exposed to the whims of committee barons, such as the 72-year-old Democrat Senator Fritz Hollings. Partly reflecting the vulnerable textile base of his South Carolina, Hollings is an arch- protectionist. When Japanese critics blamed slothful American workers for the US trade deficit with Japan, Hollings told his constituents to "draw a mushroom cloud and put underneath it: 'Made in America by lazy and illiterate Americans and tested in Japan'".

This week, Clinton's chief trade negotiator, Mickey Kantor, brushed off the Hollings threat to GATT, saying that "You have got to wait until the ninth inning"—before being reminded that a major league strike already has ended this year's baseball season.

Domestic Reasons for Iraqi Actions Viewed

BK1710124394 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 10 Oct 94 p 18

[Editorial: "Husayn's Abysmal Timing"]

[FBIS Transcribed Text] It's too soon to know what President Saddam Husayn is really up to but, whatever it is, his timing seems to be appalling. In the unlikely event that he plans to seriously threaten Kuwait (he surely would have assembled a much larger force), he has picked a moment when the US is most ready to provide a military response.

There has been some speculation that President Husayn may be seeking to capitalise on the Clinton Administration's political weakness. However, it is President Clinton's domestic political difficulties that make any threat against Kuwait a very dangerous exercise for President Husayn. President Clinton would seize on any aggression by Iraq in the same way (and for the same obvious political reason) that Mrs Thatcher seized on Argentina's aggression in the Falklands.

If President Husayn takes a swipe at Kuwait before the congressional election, he will be inflicting the ultimate revenge on Mr George Bush's Republican Party. He will save President Clinton's bacon at the cost of his own. But few believe that even President Husayn could have misread US politics that badly.

The better bet is that this military manoeuvre has to do with domestic Iraqi politics.

There are signs that the Iraqi Government has had increased difficulty in commanding the loyalty and obedience of the population. These include the Government's decision to resort to Islamic punishment, including the amputation of the ears of army deserters—a punishment reported to have been carried out on several thousand people.

Conditions are very difficult in Iraq; the Government just drastically cut rations of subsidised goods. It is natural that the strong feeling of national solidarity created by the war has to a very large extent worn off. (Although it should be said that there has been no real evidence that President Husayn is in serious political trouble).

This movement of troops towards the border with Kuwait may represent an attempt by President Husayn to reinvigorate that sense of national solidarity.

But again, the timing is unfortunate to say the least.

There has been increasing support in the United Nations for at least an easing of sanctions against Iraq, even though President Husayn has not fully met the requirements of the various UN resolutions. France and Russia, in particular, are pressing to have sanctions lifted so they can resume trade.

That pressure is bound to increase over time as the world economy expands and the international oil market tightens.

Until a few days ago, Iraq appeared ready to make further concessions to strengthen its position in the UN. Ten days ago Iraq's Deputy Prime Minister told New Zealand's representative on the Security Council that Iraq was willing to acknowledge the status of Kuwait.

This sudden movement of troops close to the border with Kuwait threatens to undo the considerable diplomatic progress that Iraq has made.

In which case, the real threat from President Husayn's troop deployment may be to the reintegration of Iraq into the international community—particularly if this sets off a chain reaction that leads to Iraq becoming even more isolated.

Kuwait's oil supply may not be in immediate danger, but the early resumption of Iraq's oil supply might be.

And that is a serious issue for the West as well as Iraq.

World oil production is now running at about 90 per cent of sustainable capacity. That compares with the 1980s, when capacity utilisation was down to 80 per cent and many OPEC members were running at 60 per cent capacity.

Over the medium term, industry forecasters believe oil demand will grow an average of at least 2 per cent a year.

At the same time, non-OPEC production is expected to remain at about its present level. US production, which has fallen by a dramatic 25 per cent since 1986, is expected by industry forecasters to continue falling. Production in Russia and the other members of the CIS is also expected to fall by at least another 25 per cent before it starts to recover at the end of the decade.

The medium-term outlook is quite tight. Even with the resumption of major oil exports from Iraq, OPEC capacity utilisation is expected to rise to about 95 per cent by the end of the decade.

That leaves little room for anything going wrong—such as disruption to supplies from Algeria or Nigeria.

The West can live without Iraqi oil, but it would be very nice to have it back on supply, and Iraq back as a functioning member of the international community, by say 1995-96.

Papua New Guinea

'Breakaway' Rebel Faction To Negotiate Peace

LD1910090594 Melbourne Radio Australia in English 0700 GMT 19 Oct 94

[FBIS Transcribed Text] A breakaway faction of the secessionist Bougainville Revolutionary Army [BRA] is reported to have signed an agreement with the Papua New Guinea [PNG] Government to negotiate a peace settlement. The move comes after the failure of last week's Bougainville peace conference because the top BRA leaders would not turn up, fearing for their safety.

The agreement was reported to have been signed on Bougainville by the secretary of the prime minister's department, Brown Bai, and 15 BRA commanders from the north (Masoi) area of Central Bougainville.

A PNG Government spokesman said the Prime Minister Sir Julius Chan was delighted that finally some of the rebels were coming forward for peace. No details of the agreement were immediately known.

The breakaway rebel faction, led by former BRA member (Theodor Marion), claims to represent up to half the estimated 5,000 BRA rebels still active.

Chan Refuses To Work With 'Paranoid' Rebels

LD1910115594 Melbourne Radio Australia in English 1000 GMT 19 Oct 94

[FBIS Transcribed Text] Papua New Guinea's [PNG] Prime Minister, Sir Julius Chan, says he'll now work with the chiefs and women on Bougainville who want peace, not the rebel leaders, who, he claims, are paranoid.

Sean Dorney reports that Sir Julius told a farewell parade of the Pacific peacekeeping force on Buka Island that, while they'd performed a difficult assignment with honor, the Bougainville Revolutionary Army leadership had responded with contempt.

[Begin Dorney recording] The South Pacific peacekeeping force, drawn from Tonga, Fiji, and Vanuatu and supported by Australia and New Zealand, spent 12 days on Bougainville, but the rebel leaders claimed the force could not be trusted to guarantee Francis Ona's safety.

After reviewing a parade witnessed by the United Nations observer to the failed peace conference, Sir Julius told the assembled soldiers they'd exceeded the highest standards of efficiency, independence, and professionalism. Sir Julius said he wanted to put the rebel leaders out of his mind because, he claimed, they'd turned out to be the enemies of peace.

Sir Julius said the PNG military would stay on Bougainville and that the chiefs and the women who wanted peace would not be abandoned like in 1990 to what he called the forces of chaos and violence. [end recording]

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.